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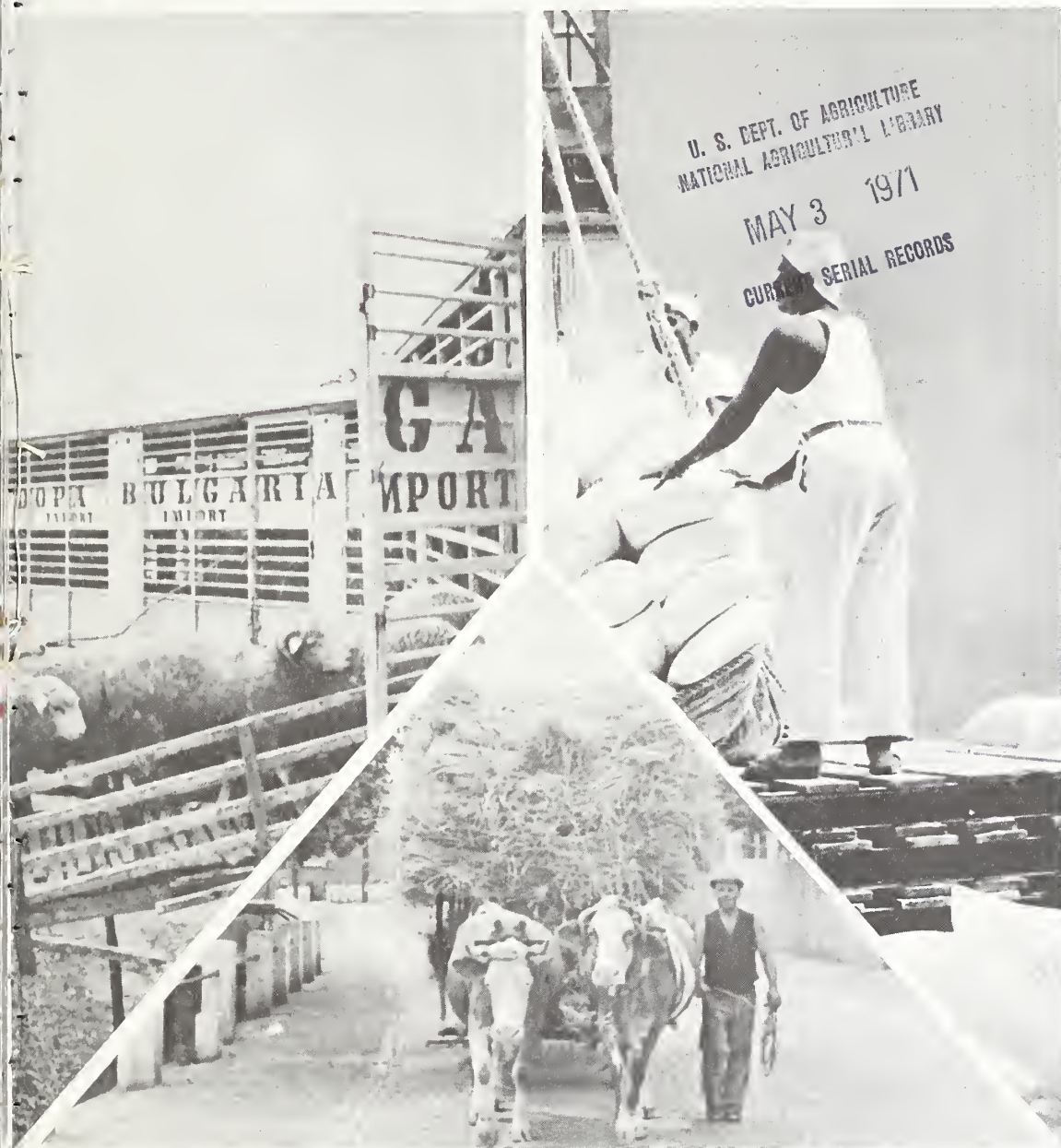
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1971

FOREIGN AGRICULTURE



April 26, 1971

SPECIAL
ISSUE:

FARM TRADE
BETWEEN THE
UNITED STATES AND
EASTERN EUROPE

Foreign
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This week's cover:

These scenes (clockwise from top left) show the export and import of farm products, the old and new farming methods, that play a part in growing U.S.-East European agricultural trade.

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"Difficulties and Opportunities" in East European Farm Trade

By CLIFFORD M. HARDIN

Secretary of Agriculture

Changes since World War II have created "new conditions, aspirations, and expectations" in Eastern Europe as they have in Western Europe. Those changes, as described by President Nixon in his recent foreign policy message to Congress, have implications for U.S. trade. Our total exports to Eastern Europe (not including the Soviet Union) have grown from zero at the end of that war to about \$400 million in calendar 1970—still less than 1 percent of all U.S. exports.

While trade and other contacts have increased, there is full recognition of the difference in social and political outlook. As the President said in his report, "We would not pretend that the facts of history and geography do not create special circumstances in Eastern Europe. We recognize a divergency in social, political, and economic systems between East and West."

The President added: "There are difficulties, which we recognize, attending close political relations between East European nations and the United States. But within these limits there are opportunities for economic, scientific, and technological contact which we are prepared to broaden on the basis of mutual benefit."

Congress took a major step in that direction in its passage of the Export Administration Act of 1969. In that Act, Congress for the first time explicitly endorsed expanded trade with the Soviet Union and Eastern Europe. It eliminated



President Nixon and President Nicolae Ceausescu of Romania are greeted by pretty girls in native costume during Mr. Nixon's visit to that country in August 1969.

pportunities"

S. Farm Trade

some of the more restrictive language of the Export Act of 1949, although it continued the President's authority to control exports for reasons of national security, foreign policy, or short domestic supply.

In recent years, the United States has exported farm and nonfarm products to most countries of Eastern Europe, and two countries are accorded most-favored-nation (MFN) treatment for their exports to the United States—Poland and Yugoslavia. Among East European countries, Poland is the leading importer of U.S. farm products; Yugoslavia ranks second.

In Poland and Yugoslavia, the United States has cooperative relationships in agricultural research, some of which have been quite fruitful both for them and for us. These projects are financed by excess currencies generated by shipments of U.S. farm products under the food aid programs. Romania has also been the beneficiary of U.S. food and feed aid, particularly since its floods in early 1970. Yugoslavia and Romania are quite interested in obtaining U.S. private investment, and the President has indicated that he will soon ask Congress to authorize extended guarantees for U.S. private investment in both countries.

In the past 2 years, there has been a growth in official contact between those countries and the United States. In August 1969, President Nixon visited Romania; it was the first visit by an American President to a Communist country in 24 years. This was followed by a visit to this country by President Ceausescu of Romania in 1970.

As a result of those meetings, credits were extended to

Romania for the purchase of U.S. agricultural commodities, and overall trade between the two countries in 1970 was double that of the preceding year. Educational and cultural exchanges were expanded, and the United States responded with emergency help following the Danube floods.

In September and October of 1970, President Nixon visited Yugoslavia at the request of President Tito. This led to a broadening of cooperation based on mutual interest and a full recognition of the differences between the two countries. Our overall trade with Yugoslavia that year was up by a third over the preceding year. During that period, the U.S. Export-Import Bank reached agreement with Yugoslavia to increase credit, and a number of new joint research projects were developed.

In December 1970, at the President's suggestion, we arranged a visit to Romania and Yugoslavia by a U.S. agricultural trade policy mission. Assistant Secretary Clarence Palmby was with me on those discussions, as were representatives of the State and Commerce Departments and others of the Department of Agriculture staff. In short visits to Romania and Yugoslavia, we carried on extremely useful discussions with Cabinet-level agriculture officials.

In Romania, we found that U.S. medical aid, food, and feedstuffs made available following the floods had helped greatly in alleviating a serious situation. The Romanians voiced an interest in expanded cooperation in farm and processing technology—and we are now pursuing the possibility of new exchanges of scientific personnel, lecturers, students, and young farmers. The Romanians would also like to enlarge exports to the United States.

In Yugoslavia, we talked about ways of facilitating trade between the two countries. We talked about new directions in the cooperative research that we are carrying on in Yugoslavia, administered by USDA's Agricultural Research Service and financed with counterpart currencies generated by aid programs of the past. Yugoslavia is also interested in private investment from the West, although it limits the extent of outside management in Yugoslav firms.

The growth in agricultural contact between the United States and Romania may result in the placement of a U.S. agricultural attaché in Bucharest this summer. We have had attachés in Yugoslavia and Poland for a number of years. The opening of a similar post in Romania will extend and enlarge our reporting and other contacts in that part of the world in the interest of our own agriculture.

There are a number of legislative barriers to expanded trade with Eastern Europe, in addition to economic and political obstacles. Overall improvement must, of course, take account of the general framework of world conditions. Despite obstacles, trade between East and West continues to grow, and the competitive advantages held by American agriculture should lead to some expansion of farm-product exports to the countries of Eastern Europe.

Certainly, our recent contacts with two of those countries point in that direction. As President Nixon wrote in his Report to the Congress, "Romania and Yugoslavia have indicated by their policies a desire for cordial relations with the United States on the basis of reciprocity. Our relations have continued to improve because the pace and scope are determined in the first instance by them. We are responsive, and other countries in Eastern Europe who desire better relations with us will find us responsive as well. Reconciliation in Europe is in the interest of peace."



Growing Sales in Past Decade

Prospects for U.S. Farm Exports

To Nations of Eastern Europe

By DAVID M. SCHOONOVER
*Foreign Regional Analysis Division
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The United States, in a little known and unpublicized advance, has shown substantial long-term growth in commercial agricultural sales to Eastern Europe during the past decade.

In spite of the domination of Eastern Europe's trade by sales to and purchases from the Soviet Union and East European trading partners, total imports from the West more than doubled in the 1960's, and several agricultural commodities, including some from the United States, shared in this expansion.

In 1970 the United States sold farm commodities worth \$168 million to seven countries in Eastern Europe—East Germany, Poland, Czechoslovakia, Hungary, Romania, Bulgaria, and Yugoslavia. In calendar 1969 the total to the same countries was \$100 million. When concessional sales under P.L. 480 are excluded for 1960, U.S. agricultural sales to the group were only \$23 million. None of the 1970 sales were concessional.

Somewhat masking the upward trend of U.S. exports to Eastern Europe were the large U.S. grain exports in the mid-1960's followed by lesser grain exports to the region.

The failure of East European countries to attain growth in grain output during the first half of the 1960's, combined with crop failures in 1963 and 1965 in the Soviet Union, the principal supplier, stimulated temporary large imports of grain from the United States.

The general climb in East European

agricultural imports from the United States and other countries (from a total of about \$2.6 billion in 1960 to \$3.7 billion in 1969) is expected to continue from the 1960's through the 1970's—although perhaps not spectacularly. Income growth in Eastern Europe and pressures to improve domestic consumption will probably be the chief spurs to greater purchases.

Market size and growth

The East European market consists of about 125 million people increasing at a rate of approximately 0.8 percent annually. The total market had an income of \$165 billion in 1969 (counted in 1968 U.S. dollars)—or about the same as Japan. Per capita gross national product in the total market, however, was \$1,340, or about 15 percent less than in Japan.

And the annual growth rate of per capita income, 3.6 percent at constant prices, compared poorly with that of Japan during the 1960's—about 10 percent. On the other hand, the annual gain by Eastern Europe was moderately good in comparison to that of the Common Market during the same period—4.2 percent.

The rise in Eastern Europe's agricultural imports has been rather gradual. Since 1960 the increase has been about 4.1 percent annually. This is well below the 8.7 percent annual average in Japan since 1962 and less than the 6.2 percent recorded by the European Community (EC). The EC figure, however, includes intraregional trade.

At present, Eastern Europe is important in world agricultural trade both as an importer and an exporter, although

Exports Europe

| Region and country | 1969 | 1970 | July-Dec. | |
|---------------------------------------|--------------|--------------|--------------|--------------|
| | | | 1970 | 1971 |
| | Mil. U.S. | Mil. U.S. | Mil. U.S. | Mil. U.S. |
| Northern countries: | dol. | dol. | dol. | dol. |
| Czechoslovakia | 4.9 | 5.8 | 2.2 | 5.7 |
| East Germany | 18.4 | 24.3 | 18.5 | 6.5 |
| Poland | 55.4 | 52.3 | 19.9 | 18.0 |
| Subtotal ¹ | 78.7 | 82.3 | 40.6 | 30.2 |
| Southern countries: | | | | |
| Bulgaria | 1.9 | 4.4 | 1.6 | 2.6 |
| Hungary | 6.9 | 12.9 | 2.3 | 9.6 |
| Romania | 3.6 | 11.5 | 1.5 | 17.8 |
| Yugoslavia | 21.9 | 21.5 | 8.8 | 29.6 |
| Subtotal ¹ | 34.3 | 50.3 | 14.2 | 59.6 |
| Total Eastern Europe ¹ ... | 113.0 | 132.8 | 54.7 | 89.7 |

U.S. Farm Exports to Eastern Europe by Country, Fiscal Year

¹ Added prior to being rounded.

emphasis in this article is placed on its imports. In 1969 the total value of farm commodities brought into Eastern Europe was about the same as the total value of those imported by Japan although per capita value of shipments was somewhat less.

The three northern countries—Czechoslovakia, East Germany, and Poland—are generally the most industrialized and are the leading importers of farm commodities with two-thirds of the total value for Eastern Europe in 1969. Imports by East Germany alone are estimated to have exceeded \$1 billion and were in first place. Czechoslovakia's and Poland's import levels ranked second and third.

East Germany and Czechoslovakia also had the highest per capita gross national products for the region in 1969—about \$2,000 each.

The four southern countries—Bulgaria, Hungary, Romania, and Yugoslavia—have a greater emphasis on agricultural exports than imports, and about two-thirds of the region's farm products sold abroad originate in them. They also have low per capita gross national products that average about \$1,000.

Interestingly, however, some of these southern countries have been rapidly expanding imports of feedstuffs for use in their accelerating livestock industries, which, in turn, are a main source of agricultural exports. And a large part of these imported feedstuffs has been U.S. soybeans or U.S. soybean meal or cake. The import of feedstuffs has been necessary also to adequately supply livestock for domestic markets.

Another reason exists for the expanding potential for agricultural sales to

Eastern Europe by Western countries. While the total East European gross national product expanded during the 1960's at an average annual rate of 4.3 percent (calculated at constant prices), agricultural output gained only about 2.2 percent yearly.

This disparity means that increasing demands by East European consumers for improved standards of living, by boosting availabilities of consumer goods such as food and clothing, are likely to result in greater allocations for agricultural imports.

Further, as incomes increase and greater urbanization occurs, ever greater pressure is exerted for higher priced, higher quality foods. This is particularly true in East European countries, where the share of disposable income

spent on food still averages around 40 percent.

Although aggregate caloric values generally are adequate in Eastern Europe, diets in many countries remain heavy in grains and potatoes and light in livestock products and overall diversity. Consumption of meats, vegetables, fruits, and dairy products has been held down by shortages.

During the 1960's the combined pressures to increase supplies of agricultural commodities for domestic consumption and to support farm exports resulted in an average annual increase in imports of about \$125 million. The same pattern may be heightened during the present decade.

The bulk of this expanded trade has been with other East European coun-

U.S. Farm Exports to Eastern Europe by Commodity, Fiscal Year

| Item | 1969 | 1970 | July-Dec. | |
|----------------------------------|------------------|------------------|--------------|--------------|
| | | | 1970 | 1971 |
| | Mil. U.S. | Mil. U.S. | Mil. U.S. | Mil. U.S. |
| Soybeans and products: | dol. | dol. | dol. | dol. |
| Soybeans | 4.8 | 15.8 | 7.1 | 5.8 |
| Soybean meal | 26.4 | 41.7 | 14.6 | 24.3 |
| Soybean oil | (¹) | — | — | 15.0 |
| Total ² | 31.3 | 57.5 | 21.8 | 45.1 |
| Grains: | | | | |
| Feedgrains | 35.6 | 28.6 | 21.5 | 16.0 |
| Wheat | — | (¹) | — | 9.4 |
| Rice | (¹) | — | — | — |
| Total ² | 35.6 | 28.6 | 21.5 | 25.4 |
| Cotton | 21.3 | 13.0 | .5 | — |
| Cattle hides | 8.7 | 12.4 | 6.1 | 7.4 |
| Other | 16.1 | 21.3 | 4.8 | 11.8 |
| Total exports ² | 113.0 | 132.8 | 54.7 | 89.7 |

¹ Less than US\$50,000. ² Added prior to rounding and includes donations.

tries and with the Soviet Union. In 1969 about 64 percent of the total imports of East European countries came from countries with centrally planned economies, and 36 percent came from the USSR alone. Likewise, 66 percent of the area's exports went to Communist countries with 36 percent of total value to the USSR.

Two countries not conforming to this pattern were Yugoslavia and Romania. Only 24 percent of Yugoslav and 51 percent of Romanian imports originated in Communist areas. Conversely, an above-average proportion of Bulgarian, Czechoslovak, and East German import trade was from Eastern Europe or originated in the USSR.

Trade pattern causes

One reason for the preponderance of intraregional trade and trade with the Soviet Union is that the countries of Eastern Europe (except Yugoslavia) are members of the Council for Mutual Economic Assistance (CEMA, or COMECON). Under the auspices of CEMA, East European countries have signed long-term bilateral trade and clearing agreements among themselves and with the Soviet Union. These agreements have tended to confine trade to bilateral partners even though an International Bank of Economic Cooperation was established in Moscow in 1963 to effect short-term clearing of transferable rubles and to introduce increased flexibility into the trading patterns in Eastern Europe.

Another obstacle to extraregional trade, especially imports from the West, has been the tight control over direction of trade. In general, the ministry of foreign trade in each country plans and supervises operations. The actual conduct of foreign trade is the responsibility of various state trading agencies, which are generally subordinate to a ministry and are often organized along commodity lines for the purposes of buying and selling.

Some countries have exceptions to this pattern. Yugoslavia permits individual firms to import and export products as well as state foreign trade organizations. Hungary also allows many enterprises to engage in direct trading or to form joint trading ventures. In other East European countries direct trading in agricultural commodities by a firm or a group is permitted in certain well-defined circumstances.

In general, however, Western imports into East European countries are limited because first choice is given to imports from CEMA countries and other suppliers (such as developing countries) which have bilateral agreements. In practice, state trading firms import from Western countries only after supplies from favored sources have been allocated.

Finally, East European countries' failure to earn much hard currency, together with the inconvertibility of their own currencies and their low levels of gold reserves, has inhibited imports from hard currency areas, or Western countries. East European countries have generally not been able to sell extensively in hard currency markets both because of CEMA obligations and because of limited demand in developed market countries for the types or qualities of goods offered.

Nevertheless, East European trade with the non-Communist world expanded sharply in absolute value during the 1960's. East European imports of all types were worth \$6.6 billion in 1969 from market countries (the West) and were 2.3 times the 1960 level; and East European exports to such countries were \$5.9 billion in 1969 and were 2.4 times the value in 1960. In comparison, total East European imports from all sources were \$18.2 billion in 1969 and total exports were \$17.6 billion.

Romania, however, did not follow the general pattern of intraregional trade and trade with the USSR that is common in Eastern Europe. Its imports from Western nations and from develop-

ing countries increased almost fivefold while its exports to the same areas more than tripled.

Several reasons can be given for the progress of Eastern Europe's trade with the West in the 1960's.

Aids to Western trade

First, economic reform programs in Eastern Europe have resulted in some decentralization in decision making, in increased reliance on markets in guiding economic strategy, and in a much greater awareness of profitability as an economic indicator.

In some countries these reforms have affected foreign trade. Although fixed trade agreements with politically favored trading partners still predominate in most East European countries, the rights of economic units to insist on specific qualities of imports and of trade organizations to guide purchases for their economic advantages have gained ground.

Second, in several East European countries attempts have been made to change domestic prices to conform more closely to international levels.

Third, as trade with the West has accelerated, East European countries have demonstrated greater willingness to participate in international agreements and organizations. This participation in itself encourages additional trade. Until recently only Czechoslovakia and Yugoslavia were members of the General Agreement on Tariffs and Trade (GATT). Poland became a full GATT member in 1967 with the obligation to fulfill regular increases in trade with other members. In 1968 Romania applied for membership, and

Eastern Europe's Agricultural Imports,¹ 1960-69 Calendar Year

¹ Calculated from data on share of agricultural commodities in total trade and values of total trade reported in official country statistics.

² Estimated.

| Region and country | 1960 |
|----------------------------|-------------------|
| | Mil. U.S. dollars |
| Northern countries: | |
| Czechoslovakia | 676 |
| East Germany | 864 |
| Poland | 480 |
| Subtotal | 2,020 |
| Southern countries: | |
| Bulgaria | 88 |
| Hungary | 187 |
| Romania | 120 |
| Yugoslavia | 175 |
| Subtotal | 570 |
| Total Eastern Europe | 2,580 |

neighboring Hungary followed in 1969.

Fourth, increasing contact with the West, particularly with West European businessmen, is a trade-expansive element. Its total effect, while important, is not measurable.

Finally, tariffs are not an important barrier to imports of Western or U.S. products, including agricultural commodities. In fact, some observers question whether tariffs have any practical effect on imports to most East European countries. Under present economic arrangements tariffs are either nonexistent or comprise a tax on a state's own importing enterprises.

Nevertheless, most countries have enacted tariff schedules. Hungary's tariff rates on U.S. commodities are generally twice those on commodities from countries granting Hungary most-favored-nation tariff treatment. For example, in 1969 the rate on U.S. soybean meal was 40 percent while the rate on meal from most-favored-nation countries was 20 percent. In 1970, however, the tariff on U.S. soybean meal was suspended, and \$15.1 million worth entered Hungary during that year.

Yugoslav duties, which do not discriminate against U.S. products as the United States grants Yugoslavia most-favored-nation tariff treatment, range from 3 percent to 10 percent on most agricultural goods. However, some commodities, such as grains and oilseeds, are duty free. A special temporary surcharge on dutiable imports is expected to be terminated by June 30, 1971. However, Yugoslavia imposes global quantitative restrictions on annual imports of several categories of agricul-

tural commodities, including grains.

Western Europe has been both the chief market and the main exporter in the upsurge of Western trade with Eastern Europe in the 1960's. And West Germany has experienced the greatest boom. East European imports from West Germany were valued at about \$1.3 billion in 1969; East European exports to West Germany were worth about \$1.1 billion. Other leading West European sources of East European imports were Italy (\$700 million) and the United Kingdom (more than \$400 million worth).

Western trade trends

Western Europe's exports to Eastern Europe have consisted primarily of manufactures. Only about \$500 million worth were farm products in 1969. But West European imports from Eastern Europe the same year had a greater share of agricultural commodities — more than \$1 billion worth.

In contrast, East European imports from the United States and from developing countries have included generous quantities of agricultural products.

Total U.S. exports to Eastern Europe in 1969 were worth \$230 million, of which about \$100 million in value were farm goods. U.S. exports in 1970 jumped to \$400 million, including \$168 million of agricultural products.

Poland has been the largest U.S. market in the area, and Yugoslavia has been second in rank in the past. However, in recent years East Germany has rivaled Yugoslavia as an outlet for U.S. farm products. Romania and Hungary sharply increased purchases in 1970.

Other leading suppliers of agricultural products to Eastern Europe in 1969 were the U.A.R. (\$120 million) and India (\$65 million).

The East European agricultural marketplace is more spacious for some commodities than others. Cotton is typically the leading import, and in 1969 shipments valued at \$460 million entered the area. Wheat imports are second in value—estimated at \$320 million in 1969; and total grain purchases for the same year were estimated at \$490 million.

In recent years oil meal imports have climbed to third rank among East European agricultural imports and had an estimated value of \$145 million in 1969. Other agricultural commodity purchases that usually exceed \$100 million in value annually are feedgrains, wool, fresh and frozen meats, coffee, sugar, and fresh fruit, of which at least half is citrus. Tobacco and edible vegetable oil imports also occasionally approach the level of \$100 million a year.

Market for U.S. commodities

The U.S. share of Eastern Europe's market for each of the area's major agricultural imports is affected by different factors.

For example, U.S. cotton sales to Eastern Europe have been minor in comparison to the area's total cotton purchases. The USSR has been the major supplier. During the 1960's, U.S. cotton had a significant share of only two countries' markets—Poland and Yugoslavia—although Romania recently made important purchases. In general, U.S. sales have been arranged un-

| 1961 | 1962 | 1963 | 1964 | 1965 | 1966 | 1967 | 1968 | 1969 |
|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| <i>Mil.</i> | <i>Mil.</i> | <i>Mil.</i> | <i>Mil.</i> | <i>Mil.</i> | <i>Mil.</i> | <i>Mil.</i> | <i>Mil.</i> | <i>Mil.</i> |
| <i>U.S. dol.</i> | <i>U.S. dol.</i> | <i>U.S. dol.</i> | <i>U.S. dol.</i> | <i>U.S. dol.</i> | <i>U.S. dol.</i> | <i>U.S. dol.</i> | <i>U.S. dol.</i> | <i>U.S. dol.</i> |
| 670 | 642 | 726 | 782 | 764 | 793 | 782 | 837 | 846 |
| 850 | 850 | 900 | 950 | 950 | 990 | 1,016 | 1,008 | 1,153 |
| 489 | 471 | 526 | 593 | 594 | 584 | 563 | 622 | 648 |
| 2,009 | 1,963 | 2,152 | 2,325 | 2,308 | 2,367 | 2,361 | 2,467 | 2,647 |
| 77 | 104 | 131 | 183 | 172 | 185 | 171 | 232 | ² 220 |
| 217 | 230 | 259 | 275 | 292 | 294 | 323 | 317 | 324 |
| 129 | 125 | 135 | 175 | 153 | 177 | 179 | 196 | 224 |
| 222 | 229 | 313 | 316 | 337 | 369 | 328 | 256 | 309 |
| 645 | 688 | 838 | 949 | 954 | 1,025 | 1,001 | 1,001 | 1,077 |
| 2,654 | 2,651 | 2,990 | 3,274 | 3,262 | 3,392 | 3,362 | 3,468 | 3,724 |

| Region and country | 1961 | 1962 | 1963 | 1964 | 1965 | 1966 | 1967 |
|---|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| | <i>Mil.</i> | <i>Mil.</i> | <i>Mil.</i> | <i>Mil.</i> | <i>Mil.</i> | <i>Mil.</i> | <i>Mil.</i> |
| Northern countries: | <i>U.S. dol.</i> | <i>U.S. dol.</i> | <i>U.S. dol.</i> | <i>U.S. dol.</i> | <i>U.S. dol.</i> | <i>U.S. dol.</i> | <i>U.S. dol.</i> |
| Czechoslovakia | 4.3 | 3.9 | 5.7 | 8.5 | 23.7 | 32.0 | 9.2 |
| East Germany | 2.6 | 1.7 | 6.1 | 16.0 | 10.9 | 21.0 | 22.3 |
| Poland | 63.8 | 84.5 | 101.1 | 127.1 | 26.4 | 44.7 | 48.5 |
| Subtotal ² | 70.7 | 90.1 | 112.8 | 151.5 | 60.9 | 97.7 | 80.0 |
| Southern countries: | | | | | | | |
| Bulgaria | (³) | (³) | .1 | 4.4 | 2.5 | 1.7 | 3.0 |
| Hungary | .6 | .2 | 16.4 | 12.8 | 8.0 | 7.7 | 4.3 |
| Romania | .2 | .2 | .1 | 2.0 | 2.4 | 6.4 | 1.9 |
| Yugoslavia | 86.6 | 86.4 | 121.8 | 94.6 | 103.0 | 118.2 | 54.5 |
| Subtotal ² | 87.5 | 86.8 | 138.5 | 113.1 | 115.9 | 134.1 | 63.8 |
| Total Eastern Europe | 158.2 | 176.9 | 251.3 | 264.6 | 176.8 | 231.7 | 143.8 |
| P.L. 480 (Title I) ⁴ recipients: | | | | | | | |
| Poland | 43.3 | 57.3 | 45.8 | 56.5 | .6 | — | — |
| Yugoslavia | 59.3 | 57.0 | 81.0 | 17.9 | — | — | — |
| Total ² | 102.6 | 114.3 | 126.8 | 74.4 | .6 | — | — |

der Public Law 480 or Commodity Credit Corporation credit.

Total cotton imports by Eastern Europe in 1969 were 2.8 million bales, of which the United States supplied only 81,000 bales valued at \$10 million. This position could be improved somewhat by aggressive marketing of U.S. cotton plus reduction of some present trade barriers. On the other hand, as production and sales of manmade fibers have increased in recent years, a leveling off of cotton purchases by some East European countries has become increasingly evident.

The East European market for grain, as for cotton, is chiefly supplied by the USSR, which in 1969 provided two-thirds of incoming grain. In contrast, the United States supplied only one-tenth, excluding transshipments. However, transshipments of U.S. grains through Hamburg to East Germany and Czechoslovakia were roughly two-fifths as large as direct sales to Eastern Europe.

In the three countries that are major grain importers—East Germany, Poland, and Czechoslovakia—sales of U.S. grains have consisted primarily of feedgrains, such as corn. U.S. sales of corn to East Germany, which began in 1963, have climbed steadily until in 1969 they were worth \$22 million (\$33 million counting transshipments).

Long-term prospects for East European grain imports will depend on the

ability of countries in the region to expand domestic output as well as on the growing demand for livestock feed. The three northern countries—East Germany, Poland, and Czechoslovakia—are expected to continue to be the leading grain importers. Most countries are expected to continue to emphasize increasing grain production in the agricultural sector in the 1970's.

However, unfavorable weather in

1970 resulted in a drop in grain production in the area of almost 8 million metric tons and could cause record grain imports in 1971. U.S. sales of grain have benefited from this temporary situation.

Already through January in fiscal 1971, U.S. shipments of grain (mainly barley and wheat) to Romania and Yugoslavia reached nearly 700,000 tons (including transshipments through Can-

U.S. Farm Exports ¹ To Eastern Europe By Category and Commodity, 1961-70 Calendar Year

¹ Excludes transshipments. ² Less than US\$50,000. ³ Added prior to rounding. ⁴ Including rye valued at US\$836,000 in 1963 and US\$973,000 in 1964.

| Item | 1961 |
|-------------------------------------|------------------|
| | <i>Mil.</i> |
| | <i>U.S. dol.</i> |
| Soybeans and products: | |
| Soybeans | 3.4 |
| Soybean meal | .2 |
| Soybean oil | 14.5 |
| Total ³ | 18.1 |
| Grains: | |
| Feedgrains | 4.4 |
| Wheat | 73.9 |
| Rice | (²) |
| Total ³ | 78.3 |
| Cotton | 32.4 |
| Hides and skins | 4.1 |
| Tobacco | 1.6 |
| Inedible tallow | 6.7 |
| Other commodities | 3.9 |
| Donations, relief, or charity | 13.1 |
| Total exports ³ | 158.2 |

| 1968 | 1969 | 1970 |
|------------------|------------------|------------------|
| <i>Mil.</i> | <i>Mil.</i> | <i>Mil.</i> |
| <i>U.S. dol.</i> | <i>U.S. dol.</i> | <i>U.S. dol.</i> |
| 8.2 | 4.5 | 9.3 |
| 24.1 | 24.6 | 12.2 |
| 71.7 | 37.2 | 50.4 |
| 04.0 | 66.3 | 72.0 |
| 2.6 | 2.3 | 5.4 |
| 8.5 | 3.8 | 20.2 |
| 1.1 | 4.4 | 27.8 |
| 18.7 | 22.6 | 42.3 |
| 30.9 | 33.1 | 95.8 |
| 34.8 | 99.5 | 167.8 |
| — | — | — |
| — | — | — |
| — | — | — |

U.S. Farm Exports¹ To Eastern Europe By Country and Category, 1961-70 Calendar Year

¹ Excludes transshipments. ² Added prior to rounding. ³ Less than US\$50,000. ⁴ Exports for foreign currencies.

ada). In addition, more than one-half million tons of wheat were registered for shipment to these countries. Romania and Yugoslavia have been grain exporters in the past few years.

But the real U.S. success item in Eastern Europe is soybean meal. Sales have climbed steadily from less than \$1 million in 1960 to \$27 million in 1969 to \$51 million in 1970. Soybean meal has become the leading U.S. farm

export to the area. Soybeans and soybean products accounted for \$81 million in U.S. farm sales to Eastern Europe in 1970.

Yugoslavia and Hungary were the largest markets for U.S. soybean meal in 1970, but purchases were made by all countries in Eastern Europe except Romania. Prospects for increased purchases are good because of demand by growing livestock and poultry industries

in each country of Eastern Europe.

In addition, Poland, Hungary, Bulgaria, and Czechoslovakia bought U.S. soybeans last year for crushing, and East Germany purchased meal crushed in Western Europe from U.S. soybeans. All direct U.S. sales of soybean meal and soybeans to Eastern Europe have been for cash.

The outlook for increased trade in U.S. soybean meal to Eastern Europe seems excellent. In recent years the United States has supplied about one-fifth of the area's oil meal imports (excluding meal processed in Western Europe from U.S. raw material) and the general demand for oil meals is expanding. Eastern Europe's oil meal imports already surpass its domestic production of oil cake and oil meal from sunflowerseed in the south and rapeseed in the north.

If demand for oil meals continues to grow in Eastern Europe as it did in the 1960's (about 19 percent a year), and if the United States retains its share of the market, sales of U.S. soybean meal to the area by 1975 would more than double compared with 1970.

Even if oil imports rose at a lesser rate—for example, that of the Common Market—U.S. soybean meal sales would increase by about 75 percent by 1975. Such increased sales would bring about a marked upturn in total U.S. agricultural exports to Eastern Europe during that period.

| 1962 | 1963 | 1964 | 1965 | 1966 | 1967 | 1968 | 1969 | 1970 |
|------------------|-------------------|-------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| <i>Mil.</i> | <i>Mil.</i> | <i>Mil.</i> | <i>Mil.</i> | <i>Mil.</i> | <i>Mil.</i> | <i>Mil.</i> | <i>Mil.</i> | <i>Mil.</i> |
| <i>U.S. dol.</i> | <i>U.S. dol.</i> | <i>U.S. dol.</i> | <i>U.S. dol.</i> | <i>U.S. dol.</i> | <i>U.S. dol.</i> | <i>U.S. dol.</i> | <i>U.S. dol.</i> | <i>U.S. dol.</i> |
| 1.9 | 6.5 | 8.3 | 10.4 | 3.3 | 8.6 | 6.0 | 9.7 | 14.5 |
| 1.6 | 5.5 | 12.9 | 12.3 | 13.5 | 25.8 | 26.1 | 26.6 | 51.3 |
| 14.2 | 7.0 | 19.2 | 7.5 | 3.4 | 9.6 | (²) | — | 15.0 |
| 17.7 | 19.0 | 40.4 | 30.2 | 20.3 | 44.0 | 32.2 | 36.3 | 80.8 |
| 18.9 | ⁴ 39.6 | ⁴ 21.4 | 22.6 | 54.1 | 37.4 | 46.8 | 29.7 | 23.2 |
| 72.5 | 127.6 | 106.9 | 61.0 | 88.5 | 21.0 | 2.4 | — | 9.4 |
| 3.0 | .7 | 3.0 | — | — | 3.1 | (²) | — | — |
| 94.4 | 167.9 | 131.4 | 83.6 | 142.6 | 61.4 | 49.2 | 29.7 | 32.6 |
| 35.7 | 27.3 | 45.0 | 17.3 | 31.8 | 8.8 | 23.8 | 10.3 | 12.5 |
| 2.2 | 1.1 | 1.6 | 7.3 | 17.7 | 9.0 | 6.8 | 12.8 | 14.6 |
| 1.1 | 3.4 | 3.7 | 1.8 | 2.8 | 2.7 | 1.6 | 2.0 | 1.1 |
| 4.6 | 6.3 | 10.2 | 12.8 | 3.8 | 2.4 | 2.4 | .7 | 4.5 |
| 6.6 | 10.6 | 23.4 | 11.5 | 4.7 | 8.3 | 4.8 | 4.1 | 19.6 |
| 14.6 | 15.7 | 9.6 | 12.3 | 8.0 | 7.2 | 14.0 | 3.6 | 2.0 |
| 176.9 | 251.3 | 265.3 | 176.8 | 231.7 | 143.8 | 134.8 | 99.5 | 167.8 |



The Role of U.S. Policy In U.S. Agricultural Trade With East European Countries

By RICHARD S. WELTON
*Trade Operations Division
Foreign Agricultural Service*

In a continuing search for new agricultural markets, U.S. exporters have often looked to Eastern Europe, despite a number of restraints to trade there.

Relaxation of some of these restraints in recent years has led to considerable expansion in total U.S. trade with this area, which in 1970 reached the highest level since World War II. (For detailed analysis of U.S. trade with Eastern Europe, see page 4.)

A significant factor in the 1970 trade expansion was the U.S. Export Administration Act of 1969, which reduced export restrictions by liberalizing licensing requirements imposed by the Export Control Act of 1949. Licensing requirements for a few farm products were liberalized under the new Act, which expires June 30, 1971, unless extended. While Congress endorsed a policy of expanded trade with Eastern Europe in the 1969 Act, it preserved the President's authority to determine the extent and timing of liberalization in keeping with foreign policy considerations.

The Act authorizes export controls for any of the following reasons: national security; foreign policy reasons; protecting the economy from an excessive drain of scarce materials; and to reduce the inflationary impact of ab-

normal foreign demand. These regulations are administered by the Department of Commerce.

For national security and foreign policy reasons, there is a virtual embargo on U.S. trade with Communist China, North Vietnam, North Korea, and Cuba. In conformity with United Nations Security Council resolutions, there is also a virtual embargo on trade with Southern Rhodesia. And selective controls are maintained for security reasons over shipments to the USSR and East European countries. Such controls are administered through an export licensing system.

For licensing purposes, all foreign countries (except Canada, which is excluded from licensing requirements for most products) are divided into seven country groups. Among these divisions, Poland and Romania are designated country group W; Yugoslavia is in group V with the Free World countries outside the Western Hemisphere; and group Y is composed of Albania, Bulgaria, Czechoslovakia, East Germany, Hungary, Outer Mongolia, and the USSR.

Most agricultural products can be shipped to nonembargoed destinations under a "general" license, which means no official document or permit is required by the Department of Commerce, Office of Export Control. Other commodities require a "validated" license, a formal export document which must be obtained from the Office before shipment.

Destinations to which a validated export license is required are identified, by commodity or category, on the Commodity Control List—a catalog of all commodities, by export control commodity number, for which export licensing authority is exercised by the Office of Export Control. The list is kept current through periodic Export Control Bulletins.

Currently no agricultural commodity

requires a validated license for shipment to Poland, Romania, or Yugoslavia. Only a few farm commodities—primarily grains, including inbred seed lines—require validated licenses for group Y destinations.

The 1969 Act provides for continuing review of items on the control list, taking into account the availability of comparable products from other Western countries. Under this review, the Department of Commerce has relaxed controls on over 1,400 products, including certain oilseeds and vegetable oils, during the past year. Soybeans and soybean meal were decontrolled in 1967.

Wheat and feedgrain exports to group Y countries continue to require validated export licenses, mainly to insure enforcement of certain shipping regulations. Licenses are generally granted once these shipping regulations have been met.

The shipping requirements, included in export control regulations in effect since 1963-64, compel 50 percent of all cereal grains shipped to group Y destinations (mainly the Soviet Union, Bulgaria, Czechoslovakia, East Germany, and Hungary) to be carried on U.S.-flag vessels. However, this requirement can be waived for feedgrains to these destinations—except the USSR—if part of such cargo is off-loaded and destined for consumption in a non-Y country. This provision is known as the part-cargo requirement.

For both wheat and other cereals, shippers must also certify that shipments will not be financed under Public Law 480 and that sales are for cash or normal commercial credit.

The special shipping requirements for grains were first applied in 1963-64, when large U.S. wheat sales were made to the USSR following a crop failure there. Since 1965, wheat shipments to the USSR and other group Y countries have been practically nil, and feedgrain shipments sporadic—except to

East Germany, where exports have been maintained despite the shipping restrictions.

The shipping requirements restrict U.S. grain sales due to the higher freight rates for U.S.-flag vessels. Depending on destination and size of vessel, these rates are \$10 to \$13 a ton higher on U.S.-flag than foreign-flag vessels. This gives foreign grain producers a substantial advantage over their counterparts in the United States.

Other factors tending to discourage expanded trade in farm products include the control of foreign trade in Eastern Europe by state trading monopolies and the preference of these countries for bilateral and barter trading arrangements with other East European countries and the USSR. In addition, Eastern Europe has historic trading relationships with Western Europe and also maintains bilateral trade agreements with many of these countries as well as with some of the developing countries.

On the U.S. side, an inhibiting factor is the lack of most-favored-nation (MFN) tariff treatment for Eastern Europe (except Poland and Yugoslavia) and an embargo on Public Law 480 sales and sales financed by the Export-Import Bank (except for sales to Yugoslavia).

MFN treatment was withdrawn from East European countries, except Yugoslavia, under the Trade Agreements Act of 1951, but was restored to Poland in 1960. As a result, most East European countries pay the generally higher duties established by the Tariff Act of 1930 and do not benefit from the substantial reductions negotiated in the General Agreement on Tariffs and Trade (GATT) and elsewhere since 1934.

The difference between MFN and general (1930 Tariff Act) rates depends on the item. For canned pork, major farm trade item from Eastern Europe, both MFN and general rates are only 3 cents per pound. On the other hand, the tariff differential on sheep's milk cheese, which is of some importance to Bulgaria, Hungary, and Romania, is substantial.

Despite the number of restraints to trade with Eastern Europe, several programs assist U.S. exports there.

Before 1967, substantial amounts of wheat, feedgrains, and cotton were shipped to Poland and Yugoslavia under Title I of P.L. 480—which permitted sales for foreign currencies and long-term dollar credits. Such sales to these

countries now are prohibited by a P.L. 480 provision that forbids sales to nations trading with North Vietnam and Cuba. But emergency relief donations are permitted to East European countries under Title II. Romania, for example, was granted 100,000 tons of grain following its disastrous floods in early 1970.

Under the credit sales program of the Commodity Credit Corporation, credit lines on many U.S. agricultural commodities (soybeans and soybean meal are not eligible) can be extended to Bulgaria, Czechoslovakia, Hungary, Poland, Romania, and Yugoslavia. Before March 1966, Poland was the only one of these countries to participate, but since then all the others, except Bulgaria, have taken part.

Through fiscal 1970, these East European countries had purchased \$188 million of agricultural commodities financed by CCC credit. Of the total, \$30 million worth was purchased in fiscal 1970 and included feedgrains, cotton, vegetable oils, animal fats, and seeds for planting.

The six countries eligible for CCC credit sales are also eligible destinations for U.S. sales of agricultural products under the barter program (Bulgaria, Hungary, and Czechoslovakia were declared eligible in December 1969). Unlike the bilateral barter arrangements common in Eastern Europe, the U.S. program operates on a multilateral basis under which commodities may be shipped to any eligible destination and the funds generated may be used by U.S. Government agencies to buy goods and services in any country where they are needed.

During fiscal 1965-70, barter program exports to these countries totaled \$49.5 million and included corn, cotton, grain, sorghum, soybean oil, wheat, and tobacco. In fiscal 1970, barter and CCC credit sales together totaled \$32 million, of total agricultural exports of \$108.5 million from the United States to these six countries.

For persons interested in trade with Eastern Europe, the following publications are available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402, for the price indicated: U.S. Department of Agriculture, ERS, "Eastern Europe's Agricultural Development and Trade," FAER No. 64, July 1970—65 cents; U.S. Department of Commerce, BIC, "Trading with East Europe," OBR

70-52, September 1970—15 cents; U.S. Department of Commerce, BIC, "Selling in Yugoslavia," OBR 70-32, July 1970—15 cents.

Another report, "The Market for U.S. Soybeans and Soybean Meal in Eastern Europe," FAS M-216, April 1970, is available from the U.S. Department of Agriculture, Foreign Agricultural Service, Room 5918, Washington, D.C. 20250.

Lists of the foreign trading agencies in each East European country can be obtained, at a cost of \$1 per country, from the Commercial Intelligence Division, BIC-924, U.S. Department of Commerce, Washington, D.C. 20230. Export Control Bulletins can be obtained for 25 cents each from Room 2119, U.S. Department of Commerce, Washington, D.C. 20230.

The U.S. Department of Agriculture also provides details on the CCC program and on currently authorized credit lines in the various countries. This information can be obtained from the CCC Credit Sales Division, Export Marketing Service. And, at the U.S. Embassies in Warsaw, Poland, and Belgrade, Yugoslavia, USDA maintains agricultural attachés who provide services to commercial visitors.

Left, Cuban sugar in East European warehouse. Such trade bars country from P.L. 480 credit or foreign currency purchase of U.S. farm goods. Below, Bulgarian cheese for New York.



Polish Foreign Trade Enterprises for Farm Exports and Imports

AGROS

Address: Warsaw 1, ulica Zurawia 32/34

Imports: Canned fruit and juice (Director Sigmund Adamski); vegetables, coffee, tea, cocoa beans, groceries, spices, liquor, tobacco (Director Zbigniew Piecha); citrus and dried fruits, and nuts other than peanuts (Director Jan Giedwiz). Exports: Canned, frozen, and other preserved fruits and vegetables, confectionery products, liquors, tobacco and tobacco products, albumin powder.

HORTEX

Address: Warsaw 1, ulica Zurawia 32/34

Imports: Fresh fruits and vegetables. Exports: Fresh and processed fruits and vegetables including mushrooms, honey, and flowers.

ANIMEX

Address: Warsaw 12, ulica Pulawski 14

Exports and imports: Livestock—breeding and slaughter cattle, calves, hogs, sheep, and horses (purebreds, riding, and military). Meat and meat products—fresh and frozen meat, hams, bacon, prepared dishes containing meat in cans and foil trays, sausages, lard, and variety meats (Director Jan Zawieski).

Other items include a wide variety of game, animal byproducts, eggs, poultry products (Director Sigmund Czerniewski), and dairy products (Director Jan Serwatowski). U.S. products with best exports sales potential to Animex currently are lard and variety meats.

ROLIMPEX

Address: Warsaw 1, Aleja Jerozolimskie 44

Imports: Grains and rice (Director Joseph Danilczuk); fats and oils, including tallow, oilseeds, peanuts and meals (Director Zenon Bytnar); vegetable and flower seeds (Director Roman Mlyniec); medicinal herbs.

Exports: Sugar, sugarbeets, molasses, rye, barley, hops, rapeseed (including oil and meal), starches, feed products from potatoes and beets, various kinds of seeds, medicinal herbs, spices.

TEXTILIMPORT

Address: Lodz, P.O.B. 80, ulica 22 Lipca 8

Imports: Cotton (Director Donat Lawnicki); wool (Director Flix)

(Continued at upper right)

By ALAN W. TRICK
U.S. Agricultural Attaché
Warsaw

Poland is the United States' biggest trading partner among the East European countries. In 1970 Poland bought some \$50.4 million worth of U.S. agricultural exports and sold farm products valued at \$52.5 million to the United States. Trade is expanding and U.S. exporters and importers find it increasingly profitable to "buy and sell Polish."

Agricultural trade with the Polish People's Republic is conducted in generally the same way as the export-import business with other foreign countries, except that most contracts are with "foreign trade enterprises," which are wholly owned or controlled by the Polish Government. The major exception to this is the purchase of certain Polish foods and agricultural products from designated U.S. agents.

Although, relatively speaking, Poland is not a large importer of U.S. food and farm commodities, this market for our products ranks far higher than might be expected.

In recent years, Poland's major imports of U.S. agricultural products, in order of importance, have been: soybeans and soybean products (mainly soybean meal and unrefined oil), corn, cotton (with staple lengths ranging from under 1 inch to 1½ inch), grain sorghum, barley, cattle hides, flue-cured tobacco, linseed meal and other oilseed meals, inedible tallow, sheep skins with the wool on, peanuts, peanut oil, lard, alfalfaseed, cottonseed oil, rice, and lemons.

Major U.S. exports to this market during 1971 will probably include: soybean meal, tallow, lard, soybean oil, peanut and cottonseed oil, corn, milo, barley, soybeans, peanuts, cotton, and possibly rye.

Other U.S. items that are expected to have special export potential to Poland this year and in the future include: tobacco, variety meats, dried fruits (prunes, raisins, and apricots), canned fruit juices (primarily citrus), rice, canned fruits (mainly peaches, pineapple, and fruit cocktail), almonds, English walnuts, grapefruit, oranges, lemons, and grapes.

U.S. exporters interested in selling agricultural products to the Polish market should forward their offers directly to the foreign trade enterprise which handles their specific products. A brief



Export-Import Smoother U.S.

description of the principal activities of each enterprise with addresses and buyers' names is listed in the accompanying panels. U.S. exporters who issue price lists on a regular basis are encouraged to add these trade enterprises to their mailing lists.

Additional information may be obtained by writing the respective Polish trade enterprise or the office of the Polish Commercial Counselor, 500 Fifth Avenue, Suites 1826-42, New York, N.Y. A helpful free publication entitled "Information for Businessmen Trading with Poland" may be obtained either from the Polish Chamber of Foreign Trade (Warsaw, ulica Trebacka 4) or through the Polish Commercial Counselor's office in New York.

Poland must export to hard-currency

Two of the items that help to create a flow of trade between the United States and Poland are (left) Polish hams especially packaged for sale in America and (right) high-quality California almonds for confectionery use.



Channels for Polish Trade

markets such as the United States in order to have funds for imports. Polish hard-currency exports are particularly important this year because the country experienced partial crop failures in both 1969 and 1970. As a result, agricultural imports have had to be expanded, particularly grains and feeds.

Although the Polish foreign trade enterprises may do the actual importing and exporting, they are responsible to the Ministry of Foreign Trade, which exerts a tight control over them. This Ministry implements Poland's foreign trade objectives and policies formulated at highest levels by the Planning Commission, which includes all of the various other ministries and interest groups.

The Ministry of Foreign Trade nearly always allocates to the respective enter-

prise the necessary convertible currency for food and farm imports, and often designates the quantity of each commodity that may be imported.

Polish agricultural exports to the United States in 1969 totaled \$51 million. The major products shipped were hams, frozen strawberries, down and feathers, casein, cheese (mainly Tilsit), calf hides, caraway, pig skins, canned foods, grass seed, poppy seed, frozen blueberries, canned meat dishes, bristles, purebred and riding horses, and venison.

Many other Polish commodities are mentioned in the Foreign Trade Enterprises list. However, a few of them are not importable into the United States at this time for various reasons. A more complete export product list may be found in the previously described booklet, "Information for Businessmen Trading with Poland."

Canned hams continue to be Poland's bread-and-butter-earner export to the United States. This trade dates from the early 1930's when, at the initiative of an American, a new production process for the canning of hams was introduced into Poland. The United States was the largest importer of the now famous Polish ham products even before World War II. The high quality of Polish pork may stem from the fact that the staple carbohydrate diet of swine in Poland is steamed potatoes. (In addition to canned ham products and pork tenderloins a number of meat and vegetable dishes are also exported, such as stuffed cabbage in tomato sauce, Polish sausage with sauerkraut, beef and noodles, and pork cutlet with mushrooms.)

Frozen strawberry exports by Poland to the West have increased by leaps and bounds in recent years, and the United States has been a good customer for this item. The quantity available for export may be expected to grow with increasing demand. Poland has a natural advantage in the commercial production of this product. In addition to having proper soils and rainfall, average temperatures throughout the country are sufficiently low to greatly inhibit the disease problems which plague many major production areas of this fruit.

U.S. importers interested in buying Polish products should contact the respective trading enterprise which handles the product that they wish to buy except in the case of several items for which Poland uses U.S. representatives listed immediately to the right.

Ulanowski); flax, jute, sisal, manila, hemp, wool waste, and all organic fibers.

SKORIMPEX

Address: Lodz 1, P.O.B. 133, ulica 22 Lipca 74

Exports and imports: All kinds of hides and skins and related products (Tadeusz Kowalski). U.S. products with best export potential to Skorimpex are cattle hides or sheep skins with fur on.

BALTONA

Address: Gdynia, P.O.B. 365 ulica Pulaskiego 6

Imports: Food products and liquors (Director Jan Buczman). This firm conducts a retail/wholesale operation for ships, the diplomatic corps, and tourists. It operates 15 sales outlets in Poland and makes catalog mail sales to diplomatic missions abroad. It also buys grocery and liquor products sold through PKO stores in Poland to private citizens for hard currencies.

POLCOOP

Address: Warsaw P.O.B. 199, ulica Kopernika 30

Exports: Handles all foreign trade for Polish Union of Agricultural Cooperatives. Products include a wide variety from the following lines: Field seeds, potatoes, wild mushrooms and berries, meat products, processed fruits and vegetables, feedstuffs (including alfalfa, grass meals, and potato flakes), and live products including frogs, snails, canaries, and pigeons.

RYBEX

Address: Szczecin, Odrowaza 1
Exports and imports: Fish and fish products.

U.S. Representatives For Polish Agricultural Exports

Meat and meat products (ANIMEX): Atalanta Products Corporation, 17-25 Varic Street, New York, N.Y. 10013

Frozen fruit and berries (AGROS): Moretta and Meredith, 29 Bala Avenue, Bala-Cynwyd, Pa 19004

Frozen fruit and berries (HORTEX): Fruitmex Corporation (Jacques Esformes) P.O.B. 424, Northport, N.Y. 11768

Seafood fillets (RYBEX): General Mills Incorporated, Gloucester, Mass. 01930

Yugoslav Trade Firms For Agricultural Exports and Imports

AGROEXPORT

Address: Marsala Tita 25, Belgrade
Exports and imports: Livestock, meat, poultry, eggs, wild game, canned meat.

AGRO-MAKEDONIJA

Address: Sportski Center
Saraj, Skopje
Exports and imports: Agricultural products, livestock, meat products.

BOSNAPLOD

Address: Trg oktobra bb, Sarajevo
Exports and imports: Fruits, vegetables, livestock, fodder, medicinal herbs, spirits, foodstuffs.

CENTROPROM

Address: Nusiceva 15, Belgrade
Imports: Soybean meal, soybean oil, soybeans, tobacco, barley and malt, lard.

GENERALEXPORT

Address: Djure Djakovica 31, Belgrade
Exports and imports: Agricultural products, textiles, leather, peanuts.

GRANEXPORT

Address: Terazije 27, Belgrade
Exports and imports: Cereals, rice, malt, fodder, seeds.

INKOTEX (Centrotekstil)

Address: Knez Mihajlova 1-3, Belgrade
Imports: Cotton, hides and skins, textiles—raw and semifinished.

JUGOTEKSTIL-IMPEX

Address: Titova 3, Ljubljana
Exports and imports: Textiles and textile raw materials, leather, fur.

KOPRODUCT (Trade association of livestock producers)

Address: Bulevar Marsala Tita bb, Novi Sad
Imports: Livestock; equipment for slaughterhouses, dairies, and fodder production.
Exports: Canned meat, livestock, poultry, wild game meat, meat products.

MAKOTEX

Address: Marsala Tita 9-11, Skopje
Exports and imports: Cotton and wool fiber and yarn.

By FRANK W. EHMANN
U.S. Agricultural Attaché
Belgrade

Poor harvests last year left Yugoslavia critically short in most field crops, and as a result imports are booming and a substantial portion of them are coming from the United States.

The increased import activity is expected to raise Yugoslavia's total imports of agricultural commodities about \$115 million above the average for the last few years. Of this amount, approximately \$80 million to \$90 million is expected to come from the United States, which could bring total U.S. farm exports to Yugoslavia in 1971 to well over \$100 million.

Ordinarily, Yugoslavia's trade in agricultural commodities is just about in balance. The country's principal export items such as meat and livestock, fruit and fruit products, corn, tobacco, hops, and prunes more or less balance the commodities that the country must import, namely, cotton, wool, coffee, tea, tropical fruit, oilseed meal, hides, and skins. In 1969, agricultural exports valued at \$282 million compared favorably with imports of \$285 million.

Poor harvests last year left Yugoslavia critically short in most field crops. Extremely wet weather with almost continuous rain during the first 5 months of 1970 was followed by floods in June. Consequently, the wheat crop was down from 1969, 1.1 million metric tons or 22.3 percent, and feedgrains (largely corn) were down 946,000 tons or 10.8 percent. Also hard hit were sunflower seed—down 119,000 tons or 31 percent, prunes down 57 percent, deciduous fruit

PROGRES

Address: Knez Mihajlova 27, Belgrade
Exports and imports: Cattle, poultry, fodder, textiles, leather, fertilizers, tobacco.

PRODUKTIVA (Business association of vegetable, fruit, and wine growers)

Address: Slovacka 21, Novi Sad
Imports: Foodstuffs, tropical fruit and spices.
Exports: Canned, dehydrated, and fresh vegetables and fruits; ground paprika and wines.

(Continued at upper right)

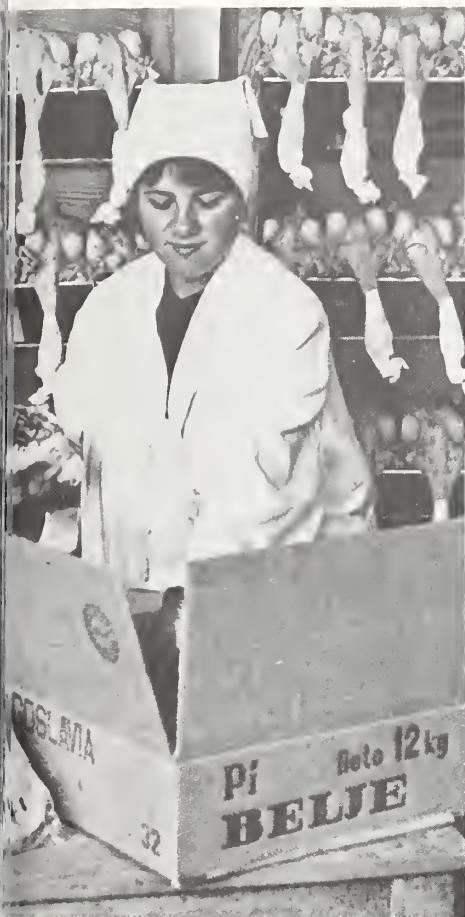


Agricultural imports help farm exports in Yugoslavia. U.S. wheat (above) helps fatten chickens for export (right).

Yugoslavia's —Potential

down 27 percent, and sugarbeets down 9 percent.

During 1969-70, Yugoslavia reached its goal of self-sufficiency in wheat and carryover stocks were higher than usual. But the greatly reduced harvest last year obliged the country to bring in foreign wheat in order to cover consumption requirements during the beginning of 1971. Purchases so far total 500,000 tons and more may be needed before the new crop becomes available in July. Of the 500,000 tons already contracted, 350,000 tons are coming from the United States. This is a barter purchase wherein Yugoslav produce is being exported to U.S.-specified destinations in Western Europe. The remaining 150,000 tons were obtained in Russia.



Import Needs U.S. Markets

In addition, imports of 400,000 tons of feedgrains have become necessary to cover the country's supply requirements. Various tenders announced in recent weeks have resulted in purchases of nearly 200,000 tons of corn and 100,000 tons of feed rye. Most of the corn and about half of the rye have been purchased in the United States. Smaller quantities of corn have come from Brazil and Eastern Europe and rye from West Germany.

The very poor sunflowerseed crop of 271,000 tons (down 119,000 tons or 30.5 percent from 1969) has left the country short of adequate edible oil supplies. Complicating the picture was the export of sunflowerseed at harvest time before an export ban could be imposed.

STOKOPROMET

Address: Tiranska kula 3, Skopje
Exports and imports: Livestock, meat, fruits, vegetables, consumer goods.

TEXTIL

Address: Sostariceva 10, Zagreb
Exports and imports: Wool, cotton, synthetic and woolen fabrics, synthetic and woolen yarn, manmade and synthetic fibers.

VOCAR

Address: Bircaninova 37, Belgrade
Imports: Citrus, tropical fruit, peanuts.
Exports: Fruits and vegetables.

Another factor is the rapidly increasing consumer demand for cooking oils. Already 125,000 metric tons of vegetable oil have been purchased for import during the current marketing year. Of this amount, a reported 90,000 tons of degummed crude oil and 1,000 tons of refined soybean oil were obtained in the United States, while 10,000 tons of sunflowerseed oil were purchased on the Rotterdam market.

The generally short supply situation for vegetable oils, particularly sunflowerseed oil, has placed the United States in a favorable position for supplying the Yugoslav market this year.

A reported 40,000 tons of soybeans were purchased recently. This was the first time soybeans have been imported for crushing in Yugoslavia. However, these purchases of oil and beans will probably satisfy Yugoslavia's import needs for edible vegetable oil this year.

Other significant purchases required by the Yugoslavs this year due to the short crops include lard, milk, and cheese. Recent purchases have included 10,000 tons of fresh milk from Hungary and about 6,100 tons of lard from the United States. A recent purchase of 2,000 tons of dry whole milk from Canada is expected to be used largely by the local cheese industry.

The bulk of Yugoslavia's foreign trade is carried on through export-import enterprises which are specially licensed to engage in foreign trade. (See trade lists on side panels.)

Private Yugoslav officials may import any type of commodity provided it has been paid for from their foreign earnings or from their foreign exchange accounts kept in Yugoslavia.

YUGOEXPORT

Address: Kolarceva 1, Belgrade
Imports: Soybean oil, wheat, barley.
Exports: Meat and meat products, fruits and vegetables.

Producer Companies Also Engaging in Export-Import

AGROKOMBINAT

Address: Mose Pijade 204, Zagreb
Exports: Livestock, eggs, game, cereals, meat.

BEOGRAD

(Agricultural Kombinat)
Address: Padinska Skela, Belgrade
Exports: Agricultural products.

EMONA (Production, trade, tourism)

Address: Kersnikova 2, Ljubljana
Exports and imports: Foodstuffs, tropical fruit, citrus, cereals, milling and meat-processed products, tobacco.

GAVRILOVIC (meat factory)

Address: Petrinja
Exports: Meat products.

Industrial and Agricultural Kombinat

Address: ulica Republike 45, Osijek
Exports: Agricultural products, processed food.
Imports: Breeding livestock, vegetable oils and fats.

JUHOR (Manufactures meat and canned meat products)

Address: Kapetana Koce 35, Svetozarevo
Exports: Meat products.

PIK "BELJE"

Address: Mece-Darda
Exports: Meat, meat products, cheese, poultry, fish, fodder, canned meat.

IPK "SERVO MIHALJ"

Address: Zrenjanin
Exports: Agricultural products and processed foods.

SLJEME

Address: Heinzelova 66, Zagreb
Imports: Livestock for breeding, fish, coffee.
Exports: Livestock, horses, edible offals, dried, salted, or smoked canned meat, lard, fish, skins.

Basic Statistics for Eastern Europe by Country, 1969

East Germany

| | | |
|---|--------------------------------|-----------|
| Area | square miles | 41,661 |
| Arable land | percent | 45 |
| Population | thousands (midyear) | 17,076 |
| Gross national product: | | |
| Total | billions, in 1968 prices | US\$34.5 |
| Per capita | US\$2,020 | |
| Imports | millions | US\$4,104 |
| Exports | do | US\$4,153 |
| Agriculture's share of country's economy: | | |
| Income | percent | 12 |
| Labor force | do | 14 |
| Imports | do | 28 |
| Exports | do | 4 |

Poland

| | | |
|---|--------------------------------|-----------|
| Area | square miles | 120,664 |
| Arable land | percent | 49 |
| Population | thousands (midyear) | 32,555 |
| Gross national product: | | |
| Total | billions, in 1968 prices | US\$40.0 |
| Per capita | US\$1,230 | |
| Imports | millions | US\$3,210 |
| Exports | do | US\$3,142 |
| Agriculture's share of country's economy: | | |
| Income | percent | 17 |
| Labor force | do | 37 |
| Imports | do | 20 |
| Exports | do | 15 |

Czechoslovakia

| | | |
|---|--------------------------------|-----------|
| Area | square miles | 49,370 |
| Arable land | percent | 42 |
| Population | thousands (midyear) | 14,418 |
| Gross national product: | | |
| Total | billions, in 1968 prices | US\$28.4 |
| Per capita | US\$1,970 | |
| Imports | millions | US\$3,294 |
| Exports | do | US\$3,319 |
| Agriculture's share of country's economy: | | |
| Income | percent | 10 |
| Labor force | do | 19 |
| Imports | do | 26 |
| Exports | do | 9 |





Hungary

| | | |
|---|--------------------------------|-----------|
| Area | square miles | 35,919 |
| Arable land | percent | 60 |
| Population | thousands (midyear) | 10,292 |
| Gross national product: | | |
| Total | billions, in 1968 prices | US\$13.9 |
| Per capita | US\$1,350 | |
| Imports | millions | US\$1,928 |
| Exports | do | US\$2,084 |
| Agriculture's share of country's economy: | | |
| Income | percent | 20 |
| Labor force | do | 29 |
| Imports | do | 17 |
| Exports | do | 25 |

Romania

| | | |
|---|--------------------------------|-----------|
| Area | square miles | 91,699 |
| Arable land | percent | 44 |
| Population | thousands (midyear) | 20,010 |
| Gross national product: | | |
| Total | billions, in 1968 prices | US\$21.1 |
| Per capita | US\$1,050 | |
| Imports | millions | US\$1,740 |
| Exports | do | US\$1,633 |
| Agriculture's share of country's economy: | | |
| Income | percent | 24 |
| Labor force | do | 54 |
| Imports | do | 13 |
| Exports | do | 32 |

Yugoslavia

| | | |
|---|--------------------------------|-----------------------|
| Area | square miles | 98,766 |
| Arable land | percent | 32 |
| Population | thousands (midyear) | 20,351 |
| Gross national product: | | |
| Total | billions, in 1968 prices | ¹ US\$17.3 |
| Per capita | ¹ US\$850 | |
| Imports | millions | US\$2,135 |
| Exports | do | US\$1,475 |
| Agriculture's share of country's economy: | | |
| Income | percent | 23 |
| Labor force | do | 48 |
| Imports | do | 14 |
| Exports | do | 20 |
| ¹ Estimated. | | |

Bulgaria

| | | |
|---|--------------------------------|-----------|
| Area | square miles | 42,823 |
| Arable land | percent | 41 |
| Population | thousands (midyear) | 8,436 |
| Gross national product: | | |
| Total | billions, in 1968 prices | US\$9.8 |
| Per capita | US\$1,160 | |
| Imports | millions | US\$1,749 |
| Exports | do | US\$1,801 |
| Agriculture's share of country's economy: | | |
| Income | percent | 24 |
| Labor force | do | 41 |
| Imports | do | 13 |
| Exports | do | 45 |

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| | | |
|---|--------------------------|-----------|
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|---|--------------------------|-----------|
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| Income | percent | 24 |
| Labor force | do | 64 |
| Imports | do | 13 |
| Exports | do | 32 |

Yugoslavia

| | | |
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| Labor force | do | 41 |
| Imports | do | 13 |
| Exports | do | 45 |



Livestock Products

Strengthen Two-Way U.S.-East European Trade

By EDWARD J. EISENACH
*Livestock and Meat Products Division
Foreign Agricultural Service*

The seven East European countries have had a long-term favorable balance of trade in livestock and meat products with the United States; and this trend continued during the 1960's. On the East European side, the major export has been pork products; on the U.S. side, the major export has been hides and skins, with some sales of tallow and lard in years when the area had a deficit supply situation.

Over the decade, U.S. imports of livestock and meat products from Eastern Europe have doubled in value, rising from almost \$30 million annually at the beginning of the 1960's to over \$60 million in 1970.

U.S. exports of these products to the area, however, have fluctuated widely. In the earlier 1960's they averaged less than \$10 million annually. They rose to almost \$20 million midway through the decade; fell sharply to \$10.2 million in 1968; recovered somewhat in 1969 with a total of \$13.7 million; and jumped to \$25.3 million in 1970.

The U.S. market represents a valuable source of foreign earnings for East European countries, though U.S.

laws limit meat imports from this area to those of countries whose meat inspection systems have been officially recognized and, further, to specifically designated plants certified for export to the United States. Also, Eastern Europe is classified by the United States as being infected with rinderpest and foot-and-mouth disease. Accordingly, U.S. animal health regulations restrict imports from the area to canned, cooked, and dried products. None of these categories is subject to quantity restrictions by quotas or restraint programs.

East Germany is the only country in this area which has not to date filed a formal application for U.S. recognition of its meat inspection system. The systems in Czechoslovakia, Poland, and Yugoslavia were found equivalent to U.S. standards and regulations before 1960. Hungary became eligible to ship meat products to the United States in late 1968; Bulgaria and Romania, in early 1970.

These countries tend to concentrate their export efforts on expanding the U.S. market for prepared and preserved pork products—especially canned hams and shoulders. These products comprise more than 95 percent of U.S. imports of livestock products from the area.

The imported hams are mostly prestige items and account for about two-



Above, a Bulgarian suede suit. From domestic and imported hides and skins, State factories fashion leather goods for export. Above left, East Europe's meat-type hog. Pork products top the area's exports to the United States.

fifths of all canned hams and shoulders consumed in the United States. Most U.S. consumers consider the imported products to be of higher quality than the U.S. counterpart, and they usually sell at higher prices than similar U.S. products do. It is expected that Eastern Europe will use additional promotional efforts in the 1970's to expand canned ham sales to the United States.

A small rise is also expected in arrivals of pigskins and calf hides, and a significant one in arrivals of European horses other than draft.

Since the mid-1960's, Eastern Europe has become a growing dollar market for U.S. hides and skins—in particular whole cattle hides. Sales rose from an average of \$2.1 million for 1960-64 to almost \$10.7 million for 1964-69; and in 1970 they totaled \$14.5 million, compared with \$12.8 million for 1969. Chief purchasers are Romania, Yugoslavia, Czechoslovakia, and Poland.

Commercial sales of U.S. offals—particularly pork livers—to Yugoslavia,

U.S. TRADE IN LIVESTOCK AND MEAT PRODUCTS WITH EASTERN EUROPE

| Year | Imports | | | Exports | | | | |
|------------|-----------|-----------|-----------------|-----------|--------------------------|-----------|-----------------|------------------|
| | Total | Pork | Hides and skins | Total | Inedible tallow, greases | Lard | Hides and skins | Offals |
| | Mil. dol. | Mil. dol. | Mil. dol. | Mil. dol. | Mil. dol. | Mil. dol. | Mil. dol. | Mil. dol. |
| 1960 | 30.1 | 28.8 | 0.6 | 6.3 | 4.0 | — | 1.6 | — |
| 1961 | 28.5 | 27.5 | .8 | 10.8 | 6.7 | — | 4.1 | — |
| 1962 | 30.4 | 28.1 | 1.4 | 7.3 | 4.7 | 0.1 | 2.0 | (¹) |
| 1963 | 29.8 | 27.6 | 8.9 | 11.0 | 6.2 | 2.5 | 1.1 | 0.4 |
| 1964 | 34.9 | 32.2 | 2.2 | 16.5 | 10.2 | 3.0 | 1.5 | .2 |
| 1965 | 44.0 | 41.5 | 1.8 | 20.2 | 12.8 | — | 7.2 | (¹) |
| 1966 | 45.9 | 43.5 | 1.6 | 21.7 | 3.8 | — | 17.8 | .1 |
| 1967 | 54.0 | 52.5 | .6 | 13.0 | 2.4 | .1 | 9.0 | 1.4 |
| 1968 | 50.7 | 49.5 | .6 | 10.2 | 2.4 | .4 | 6.8 | .6 |
| 1969 | 57.7 | 55.7 | .9 | 13.7 | .7 | — | 12.8 | .2 |
| 1970 | 64.4 | 60.7 | .5 | 25.3 | 4.5 | 4.4 | 14.5 | .7 |

¹ Less than \$50,000. Bureau of the Census, U.S. Department of Commerce.

East Germany, and Hungary have shown some growth in recent years.

Eastern Europe provided a small dollar market for small quantities of U.S. inedible tallow and greases in the early 1960's. In the mid-1960's, concessional sales under P.L. 480 programs to Poland and Yugoslavia expanded exports to almost three times 1960's sales. Since then, curtailment

of P.L. 480 programs in the area has caused shipments to drop below those of 1960. Some recovery in dollar sales occurred in 1970, but it is not expected to be maintained as other lower priced oils become more readily available.

A similar situation occurred in 1970 in U.S. sales of lard to Poland and Yugoslavia, which rose markedly when supplies from the European Commu-

nity and other West European countries were short.

East European countries on the whole represent a limited commercial market for U.S. livestock products. However, as consumer income and demand in this area continue to grow, there is potential for expanded U.S. exports of products that can be produced efficiently and sold competitively.

By CALVIN C. SPILSBURY
Fats and Oils Division
Foreign Agricultural Service

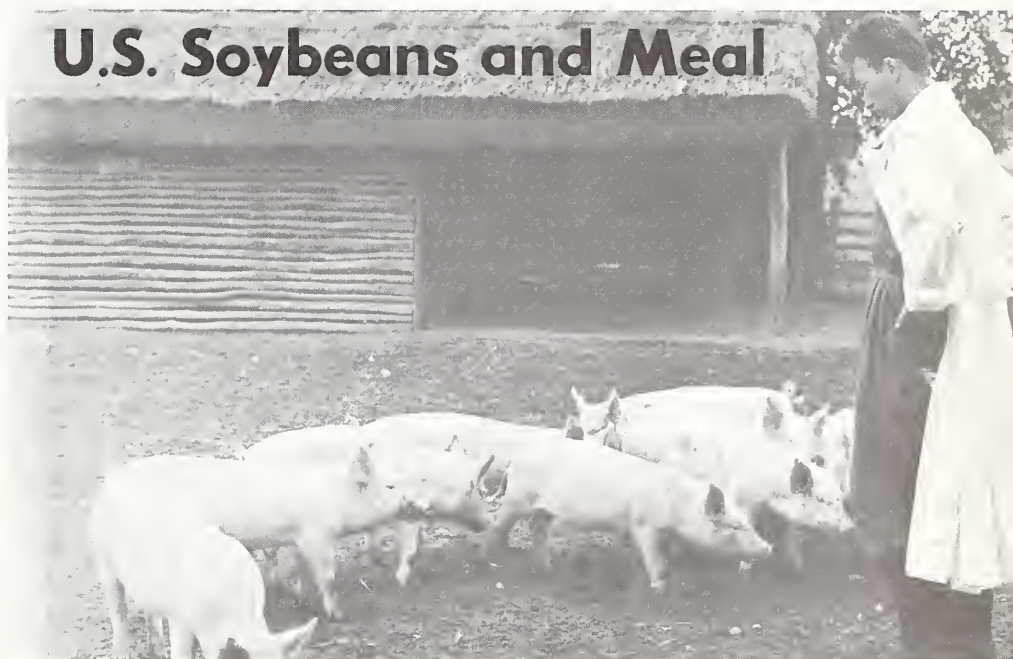
Five of the seven East European countries—Yugoslavia, Bulgaria, Hungary, Czechoslovakia, and Poland—have developed into a major market for high-quality U.S. soybean meal. Their total purchases are now over 500,000 short tons, or more than five times the average for 1960-64. Some of the countries also buy U.S. soybeans for crushing; including their meal would push the total close to 700,000 tons.

The two remaining countries—East Germany and Romania—are occasionally direct buyers of U.S. meal and frequently indirect buyers. Large quantities of meal processed from U.S. soybeans in Western Europe are shipped to East Germany, and some of this meal also reaches Romania.

Bacon-type hogs, Poland. Soybean meal is challenging the historical Polish use of grain and potatoes for hog feed.

Growers of Poultry and Hogs In Eastern Europe Welcome

U.S. Soybeans and Meal



The potential East European market for soybean meal is large, and continued expansion can be foreseen; but a more modest rate of growth than in recent years can be expected after 1971-72—probably around 10-15 percent a year.

What lies behind this growing and apparently permanent demand for U.S. soybeans and soybean meal in Eastern Europe is the continued development of modern feed industries and feed programs there. Not only for the area's well-established hog industries but for new poultry operations (using broiler and layer breeds developed in the United States), there is a strong trend toward rations containing quality U.S. soybean meal with 44 percent protein and higher, plus corn and other feed-grains, at rates recommended by co-operating U.S. industries. When the ingredients are available, East Europeans find these rations highly productive and profitable.

In the past marketing year alone—October 1969-September 1970—the five principal customer countries increased their total takings of U.S. soybean meal by two-thirds; and every country in the area except Romania took more than in the year before.

Most striking increases were in exports to Hungary—nearly six times larger; Yugoslavia—up one-fifth; and Czechoslovakia—up from about 2,000 short tons to over 36,000, or sixteen-fold. East Germany joined the customer list with 5,622 tons. Romania, only country in Eastern Europe with a soybean crop of its own, got additional supplies of soybean meal from Western Europe (the Netherlands and West Germany) after having used U.S. meal in the previous 2 years.

In addition to importing large quantities of U.S. soybean meal, Poland, Hungary, and Czechoslovakia bought U.S. soybeans last year for crushing. Poland took a record 5.2 million bushels, Hungary 499,000, and Czechoslovakia 470,000. These imports were equivalent to about 148,000 more tons of soybean meal, making the area's total meal imports from the United States equal to nearly 685,000 tons.

U.S. soybeans also move to the area in the form of oil when domestic oilseed crops fall short. Yugoslavia and Poland have both turned to the United States for soybean and cottonseed oil to help alleviate domestic shortages. These countries recently reached near-

self-sufficiency levels in fats and oils—Poland in 1968 and Yugoslavia in 1969; but drastic reductions in domestic oilseed output have subsequently occurred in both.

In Poland, the rapeseed crop dropped by nearly 560,000 short tons in 1969 after the severe winter of 1968-69; the crop was around 225,000 tons compared with 785,000 the previous year. And in Yugoslavia, the sunflowerseed crop dropped 131,000 short tons in 1970—from a record 430,000 tons in 1969 to 299,000.

As a result, Poland took 10 million pounds of U.S. soybean oil as such plus 55 million pounds in the form of soybeans—and 23 million pounds of cottonseed oil in the marketing year 1969-70; and this year Yugoslavia has already taken over 108 million pounds of soybean oil to make up for a part of its 1970-71 shortfall.

Cooperation by U.S. industry representatives has been a major factor in the expansion of U.S. trade with Eastern Europe in soybeans and meal. They have provided technical information on the use of U.S. soybean meal in balanced feed formulations. Thus the Eastern countries have gained the time-saving expertise that has enabled them to produce much-needed additions to domestic chicken meat supplies.

Fortunately, this development came at the right time; it has helped them balance off their red meat losses of the past several years from drought, floods, and outbreaks of foot-and-mouth disease.

Visits to local meat shops in the area indicate that these larger poultry supplies have been a great help in filling consumer demands. Housewives increasingly welcome the availability of poultry, after finding that red meats are in scarce supply.

U.S. soybean meal moves to Eastern Europe in economical bulk cargo lots of 5,000 to 15,000 tons. Freight costs of \$8.75 to \$10.70 a ton—and as high as \$13—have been quoted to Yugoslavia. At the Yugoslav ports of Rijeka and Koper, meal is lifted by pneumatic and "mechanical clam" systems into box or cargo cars, in which it is shipped by rail to feed mills in Yugoslavia or other countries.

Some meal is shipped by bulk from the United States to West Germany, where it is discharged at port elevators in Hamburg or Bremen and moved by inland river barges to Czechoslovakia



Above, bagged feed in Polish mixed feed plant. Poles find soybean meal essential in poultry feed and are expanding its use in hog feed. Right, above, hogs in pens at large Hungarian fattening plant. Right, below, mechanized carving machine in Polish plant.

and/or Hungary. Some is shipped to Polish and Bulgarian ports, where it is unloaded by pneumatic systems into boxcars for shipment to feed mills or transshipment to other countries. Ocean freight on bulk meal from the Baltimore area to Poland has been \$7.50 per ton and as high as \$10.50.

Some U.S. soybean meal is also unloaded into port elevators or storage silos or bagged and put in flat storage. However, prompt bulk rail movement by boxcar is more common in the East European area.

In Poland, nearly 235,000 tons of soybean meal (109,899 from the United States and 125,000 crushed locally from U.S. soybeans) were available in 1969-70, compared with around 135,000 the year before—up 74 percent. Present indications are that this large amount and more can be consumed during the next marketing year.

Emphasizing poultry production, Poland plans to increase output substantially from the 115,000 tons produced in 1968. Soybean meal is considered an essential ingredient in mixed feeds for both broilers and layers, and production of soybean-meal-type feeds is being stepped up.

A considerable increase has taken place in Poland's broiler consumption. To supply the growing demand, modern improved breeds and hybrid strains of chickens have been imported from affiliated U.S. firms in Europe; these birds can produce more efficiently on modern soybean-meal-type feed formulas. For example, a 3.3-pound broiler can be ready for market at 8 weeks of age.

Rates of soybean meal use are high:

broiler feeds 20 to 25 percent, broiler chick feeds 12 to 15 percent, and feeds for laying hens 5 to 10 percent. In some feed formulations, soybean meal is used in combination with domestic rapeseed meal and imported Indian peanut meal.

More soybean meal is being used in hog feeds also. Excellent results are being obtained with soybean meal feeds on newly expanded State farms and the larger private farms. Historically, much of the hog feed used has been potatoes and grain on small farms.

Meat-type hogs are being pushed, and soybean meal has been found to be an excellent and economical ingredient for their rations. Poland is the world's third largest exporter of pork. While exports declined in 1969-70, an upward increase in pork production would no doubt bring continued expansion in imports of soybean meal for use in hog feed as well as poultry feed.

In **Bulgaria**, to improve egg and broiler production, modern poultry breeds—including White Leghorn layers and hybrid chicks from European affiliates of U.S. breeders—have been imported as well as soybean meal. As a result of this successful combination, the country is expected to reach a poultry meat production total of 100,000 tons in the next year or so, compared with 75,000 in 1969.

Around a million tons of mixed feeds are produced in Bulgaria, the main types being poultry and hog feeds with soybean meal in their formulations. In broiler feeds, up to 25 percent soybean meal is used, and in layer feeds, 18 to 20 percent; but some sunflower-seed meal is used when supplies of soybean meal are low.

Results with soybean meal feeds have been outstanding. On State farms, where conditions are controlled, feed conversion ratios of 2.1-2.4 pounds of feed to 1 pound of meat have been achieved by using U.S.-type soybean meal rations.

Bulgaria's fine experience with soybean meal and with helpful U.S. firms has had gratifying trade consequences and points to the establishment of a dependable market there.

In **Czechoslovakia**, poultry meat production increased nearly 40 percent between 1966 and 1968, and soybean meal imports from the United States jumped from the negligible quantities of the early sixties to measurable ones.

After a drop in 1968-69, record takings of 36,241 tons were recorded in 1969-70, as both hog and poultry numbers declined slightly but poultry meat production continued to increase. Also, over 10,000 tons of soybean meal were produced by the oilseed crushing industry from U.S. soybeans.

Czechoslovakia's modern poultry industry has found that soybean-meal-type feeds are a solution to its feeding problems. The Czechoslovaks too have imported hybrid meat-strain chickens that can take advantage of modern feed formulas, and feed conversion rates of around 2.6 pounds of feed to 1 pound of meat are being exceeded. More soybean meal is now being used, mainly in poultry and hog feeds, and nearly 3 million tons of mixed feeds are being produced.

The continued growth of poultry meat production points to the further expansion of this market for soybean meal. However, because of such problems as lack of credit, feed manufacturers often have to use excessive amounts of peanut, cottonseed, and other meals because the more efficient soybean meal is lacking.

In **Hungary**, which also has modern poultry and hog industries, State farms have been equipped with modern feed-mixing mills. This has stepped up demand for soybean meal as improved formulations are adopted. Imports have continued to increase; in 1969-70 they rose sharply to a record 170,580 tons. Some U.S. soybeans are also imported from time to time, and the country's modern crushing mills can produce quality soybean meal. In 1969-70 nearly 11,000 tons of soybean meal were processed from U.S. soybeans, making total availabilities around 181,500 tons.

The mixed-feed industry produces over a million tons of mixed feed a year, of which about one-third is poultry feed and half is hog feed—both kinds large users of soybean meal. The balance of the feed is used in formulas for cattle and other livestock.

Poultry and hog feeds contain 10 to 25 percent soybean meal, depending on type of feed; broiler starter feeds contain 15 to 25 percent and hog feeds around 10 percent. Hungary is also a large importer of peanut meal from India, mainly for cattle feeds, and of fishmeal from Peru, used at the rate of 5-10 percent in support of soybean meal, depending upon amounts available and upon price.



Generally, Hungary buys U.S. 44-percent-protein soybean meal, but it has also imported some 50-percent-protein meal. Like others of the countries, it is making efficient use of its soybean meal supplies by utilizing U.S. varieties of poultry, including both layers and hybrid broilers.

In Yugoslavia, which is the most important market in the area for U.S. soybeans as such, imports in 1969-70 totaled 173,840 tons—an increase of 20 percent, in line with the upward trend in broiler production. The in-

crease comes from improved formulations and further conversion of the mixed feed industry to modern soybean meal and corn rations for poultry and hogs.

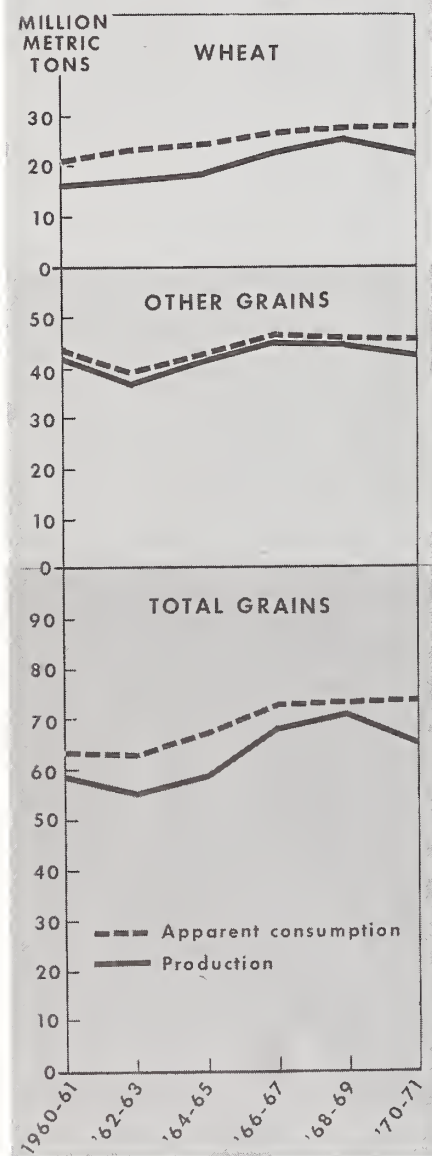
Yugoslavia's commercial poultry industry, principally on State farms, is highly developed, and the mixed feed industry supplies practically all of the feed used, both pelleted and unpelleted. The layer industry is being developed under highly productive caged conditions with soybean meal feeds.

Considering soybean meal feeds es-

sential to efficient poultry production, the Yugoslavs use it at rates of 15 to 20 percent for starter chick feeds, 8 to 15 percent for layer feeds, 16 to 25 percent for broiler feeds, and 10 to 15 percent for broiler finisher feeds.

Hog feed rates are also high: 20 percent soybean meal for starter feeds, 10 to 15 percent for grower feeds, 5 percent for feeding hogs of 110 to 220 pounds, and 20 to 30 percent for hog finisher feeds. Sunflowerseed meal and peanut meal also are used extensively in hog feeds and cattle feeds.

EASTERN EUROPE'S PRODUCTION AND APPARENT CONSUMPTION OF GRAINS



Changing U.S. Grain Sales

By HAROLD C. CHAMPEAU
Grain and Feed Division
Foreign Agricultural Service

Eastern Europe has traditionally been of major importance in the world grain economy—as a producer, an importer, and an exporter. Its production recently exceeded that of the European Community (EC), and its imports are nearly 10 percent of total annual international grain trade.

For the United States, Eastern Europe has been a grain customer with considerable fluctuation of purchases. Some shifts have been owing to changes in Eastern Europe's grain production and consumption; some were the result of political and economic orientations.

A number of changes have recently occurred in Eastern Europe as a marketplace for grains, both for the United States and for other countries. In addition, some new trends that could affect grain sales to Eastern Europe in the future are emerging.

A development favorable to increased imports is that total consumption of grain in Eastern Europe has been increasing steadily, and the outlook is for continued strong demand. Especially, requirements of grain for feed are expected to climb more rapidly than in past years.

This acceleration will be necessary to support the drives toward greater livestock and poultry numbers in each country's current 5-year economic plan

(1971-75). East European consumers are demanding larger quantities of meat in their diets, and their governments are interested in earning convertible currency by export of canned hams, other canned meats, fed cattle and beef, other livestock, and poultry and poultry products.

As is true elsewhere in Europe, sizable quantities of wheat are fed to livestock and poultry. In Hungary wheat is annually fed during the period between the wheat and corn harvests, and such use of wheat has been pronounced the past 2 or 3 years. Wheat has not been incorporated into standard mixed feeds, however. In Czechoslovakia use of domestic wheat for feeding appears to be increasing as demand for food wheat slackens. Poland feeds about one-third of its domestic wheat, mostly to poultry; but as the State grain-purchasing agency acquires a larger share of each year's grain production, such on-farm use of wheat may decline.

In Romania, however, wheat is utilized as feed only when of very low quality and is then incorporated into compound feeds with high-protein supplements. In Bulgaria, wheat is either used as food or exported.

Another factor affecting sales of U.S. grains to Eastern Europe is that the region (until the adverse weather of 1970) had been successful in raising grain production by increasing grain yields. With only slight gains in area, wheat production rose from 16.5 mil-

U.S. SOYBEAN MEAL EXPORTS TO EAST EUROPEAN COUNTRIES

| Country | Average 1960-64 | Marketing year beginning October 1 | | | | |
|----------------|--------------------|------------------------------------|---------------|---------------|---------------|---------------|
| | | 1965 | 1966 | 1967 | 1968 | 1969 |
| | Short tons | Short tons | Short tons | Short tons | Short tons | Short tons |
| Bulgaria | 5,338 | 19,516 | 27,842 | 41,383 | 32,736 | 40,327 |
| Czechoslovakia | 562 | 11,280 | 16,622 | 11,574 | 2,205 | 36,241 |
| East Germany | — | — | — | — | — | 5,622 |
| Hungary | 22,333 | 12,358 | 30,339 | 50,357 | 28,630 | 170,580 |
| Poland | 1,364 | 64,073 | 51,225 | 80,633 | 102,994 | 109,899 |
| Romania | — | — | — | 5,703 | 11,021 | — |
| Yugoslavia | 62,225 | 78,500 | 59,292 | 113,676 | 143,311 | 173,840 |
| Total | 91,822 | 185,727 | 285,320 | 303,326 | 320,897 | 536,509 |

to Eastern Europe

lion metric tons in 1960-61 to 25.5 million in 1969-70. Over the same period average corn yields climbed from 33 bushels per acre to 48 bushels so that even though corn acreage fell slightly, total corn production swelled.

A useful comparison to the grain yields of Eastern Europe are those of the Common Market countries. In both areas yields have increased at about the same rate over the past 10 years (see chart at right) although those in Eastern Europe were consistently lower.

The total dimensions of the East European grain economy and those of the Common Market countries are also roughly similar. Overall production, utilization, and net imports are of the same general magnitude.

Eastern Europe's output in 1969 was 6 million tons greater than that of the Common Market; but in 1970—when weather in Eastern Europe was unusually poor—production was slightly less than that of the EC.

Grain trading patterns in the two areas, however, are dissimilar. While trade between the surplus and deficit EC members is large and steadily growing, only small amounts of grains move between the net importing countries of northern Eastern Europe—Poland, East Germany, and Czechoslovakia—and the southern countries, which are usually exporters.

The chief source of imports to Eastern Europe, especially of wheat, is the USSR; and most of its shipments go to the three northern countries. However,

regardless of the crop situation in the USSR or the size of the East European import requirement, each year important sales have been made by Western grain-exporting countries to the region.

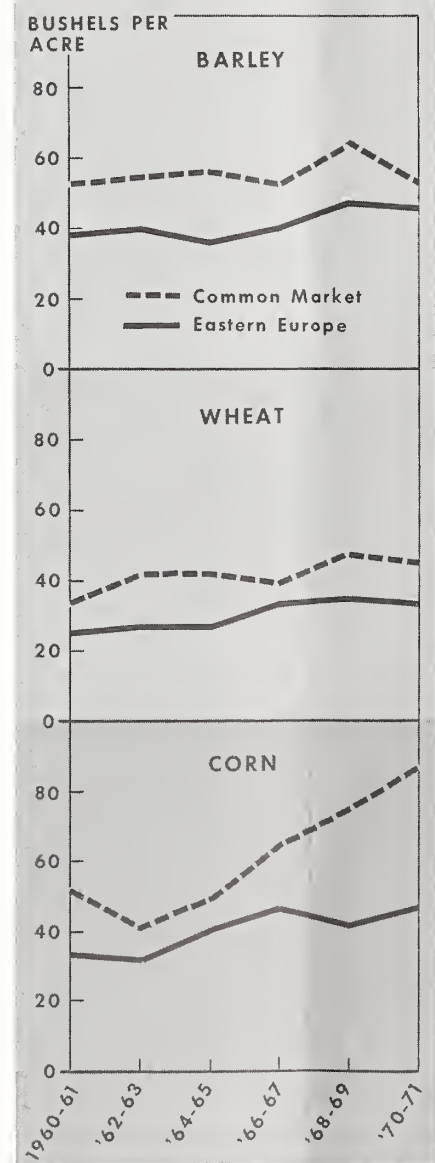
Although at present the USSR supplies between 80 percent and 90 percent of East European wheat imports, in past years the United States has been an important supplier to Poland and Yugoslavia under P.L. 480. But such sales fell sharply after 1963-64. Of late, France has been an important and fairly regular supplier to Poland, and Canada has shipped wheat most years to Poland, Czechoslovakia, Bulgaria, and Hungary. Lesser, occasional suppliers have included Mexico, West Germany, Argentina, and Sweden.

One feature of interest is that a substantial portion of East European wheat imports in the past 3 years from Western sources have reportedly been for feed.

The situation for Eastern Europe's feedgrain imports differs from that of wheat, and so does the role of the United States in supplying such grains.

First, although the same three northern countries of Eastern Europe are the chief importers, the volume for feedgrains is much less than that for wheat. Poland, East Germany, and Czechoslovakia each take from 1 million to 1.5 million tons of wheat a year; but their combined feedgrain imports total only about 1.5-2 million tons a year. Poland is the chief feedgrain buyer, with annual purchases occasionally ex-

COMPARATIVE YIELDS OF GRAINS
IN EAST EUROPEAN AND
COMMON MARKET COUNTRIES



ceeding 1 million tons.

Second, the United States has a larger share of Eastern Europe's feedgrain imports than of wheat imports. This is partly because the USSR supplies less than half of Eastern Europe's purchases in most years. Of feedgrain imports from Western sources, the United States has shipped nearly 600,000 tons a year and has generally held about half the market available to the West. U.S. exports in years of poor East European crops, however, have reached as much as 1 million tons.

The feedgrains mostly sold by the United States to Eastern Europe have been corn and grain sorghum; but barley shipments have been large during the current marketing year (1970-71) because of special sales made to Romania. East Europe's feedgrain purchases from the USSR have been about half barley, half rye and corn.

Major suppliers of feedgrains to Eastern Europe in addition to the United States are France, Denmark, Sweden, and the United Kingdom for barley and Mexico, Brazil, and Argentina for corn.

In spite of a dip in recent years of total U.S. grain sales to Eastern Europe due to the discontinuation of P.L. 480 sales, the future for commercial U.S. grain trade in that area looks hopeful. Grain consumption is climbing rapidly, and feedgrain use for production of livestock and poultry is expected to show especial growth.

Another comparison with EC countries may point out the upward pressures on grain use in Eastern Europe. On a per capita basis, grain use in the region far exceeds that in the Common Market and is increasing faster. Between 1960-61 and 1969-70, grain utilization in Eastern Europe had risen from 1,214 pounds per person to 1,377 pounds annually—a climb of 13.4 percent. In Common Market countries the increase for the period was only 10.5 percent and in 1969-70 use was only 900 pounds per person.

At the same time that there is greater demand for grain, the possibilities for increasing domestic grain production in Eastern Europe may be somewhat limited. As a basic crop of East European farms, grain output has already received substantial encouragement from government policies, so there is reason to wonder whether, in a new period of expanding grain needs, still further encouragement of grain production for



Above, U.S. wheat arriving, Poland; center, throwing corn to Yugoslav combine; far right, women processing grain-fed broilers, Yugoslavia. Center photo, James P. Blair (copyright 1970), National Geographic Society.

food and feed can be very effective.

This is particularly true in the northern, grain-importing countries of Eastern Europe. Even considerable production increases are unlikely to catch up to grain requirements.

For example, Czechoslovakia doubled its wheat output during the 1960's to an estimated 3.3 million tons in 1969 with a slight drop in 1970. Its wheat imports continue to be between 1.2 million and 1.5 million tons annually. Poland and East Germany are in somewhat similar situations.

Even though Poland has been making rapid progress in wheat production the past few years and will probably soon be one of the top producers in Eastern Europe, it will remain deficient in hard wheat and will require imports of 1.2 million to 1.5 million tons each year to meet milling needs.

For the four southern, grain-exporting countries, increased domestic grain requirements will probably mean a slowdown of exports rather than a switch to a need for grain imports. However, it could also mean increased frequency of occasional imports, such as those in 1970-71 owing to adverse weather conditions and reduced harvests.

Each of these trends could aid U.S. grain sales abroad—both to Eastern Europe and to other countries.

U.S. EXPORTS

| Item | 1961-62 1,000 metric tons | 1962-63 1,000 metric tons |
|------------------------|------------------------------------|------------------------------------|
| Wheat | 1,526.7 | 1,723.1 |
| Other grains: | | |
| Corn | 60.6 | 61.9 |
| Barley | 96.5 | 132.0 |
| Rye | — | 15.5 |
| Oats | — | — |
| Sorghum | ¹ | 377.7 |
| Total | 157.1 | 587.1 |
| Total all grains | 1,683.8 | 2,310.2 |

¹ Less than 500 metric tons.



EASTERN EUROPE: ¹

| Item | 1961-62 1,000 metric tons | 1962-63 1,000 metric tons |
|-------------------------------|------------------------------------|------------------------------------|
| Wheat: | | |
| Production | 16,620 | 17,263 |
| Imports | 5,531 | 5,748 |
| Exports | 240 | 63 |
| Apparent consumption | 21,911 | 22,948 |
| Other grains: ⁵ | | |
| Production ⁶ | 38,751 | 37,612 |
| Imports ⁷ | 2,575 | 3,191 |
| Exports ⁵ | 1,805 | 1,526 |
| Apparent consumption | 39,521 | 39,277 |
| Total grains: | | |
| Production | 55,371 | 54,875 |
| Imports | 8,106 | 8,939 |
| Exports | 2,045 | 1,589 |
| Apparent consumption | 61,432 | 62,225 |

¹ Excluding Albania. ² Includes trade between Eastern Europe and the USSR and among East European countries. ³ Includes

OF GRAIN TO EASTERN EUROPE, 1960-61 TO 1970-71

| 1963-64 | 1964-65 | 1965-66 | 1966-67 | 1967-68 | 1968-69 | 1969-70 | July-Feb. 1970-71 |
|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| 1,000 metric tons | 1,000 metric tons | 1,000 metric tons | 1,000 metric tons | 1,000 metric tons | 1,000 metric tons | 1,000 metric tons | 1,000 metric tons |
| 1,759.7 | 1,340.9 | 1,514.8 | 452.8 | 307.0 | — | — | 390.2 |
| 444.9 | 65.1 | 422.0 | 409.9 | 465.4 | 596.5 | 542.0 | 394.7 |
| 217.2 | 54.2 | 74.2 | 42.7 | 27.8 | — | — | 386.2 |
| 16.9 | — | — | — | — | — | — | — |
| — | — | — | — | — | — | — | 59.1 |
| 110.1 | 85.1 | 480.8 | 505.6 | 119.0 | 142.7 | — | 20.8 |
| 789.1 | 204.4 | 977.0 | 958.2 | 612.2 | 739.2 | 542.0 | 860.8 |
| 2,548.8 | 1,545.3 | 2,491.8 | 1,411.0 | 919.2 | 739.2 | 542.0 | 1,251.0 |

For example, Yugoslavia, which is approaching wheat self-sufficiency and is normally a feedgrain exporter, suffered a setback of over 2 million tons in its 1970 grain harvest because of poor weather. To maintain its momentum in increasing livestock feeding and to keep adequate stocks, Yugoslavia has been forced to make major grain purchases this year. A considerable portion—thus far about 350,000 tons of wheat and around 250,000 tons of feedgrains—will come from the United States.

A tendency toward lesser grain exports by the southern East European countries could indirectly increase U.S. grain exports to countries in other areas by decreasing sales competition.

Such competition can be an important factor in U.S. grain sales. During the last period of heavy exports from Eastern Europe, 1967-68 and 1968-69, East European wheat was shipped to such important U.S. markets as the United Kingdom, West Germany, and Brazil. In addition, feedgrains from southern Eastern Europe were sold to Italy, the United Kingdom, West Germany, and even Japan—all traditional U.S. customers.

Fewer and smaller shipments from Eastern Europe would make more room on the market for U.S. grains.


GRAIN PRODUCTION, IMPORTS,² EXPORTS,² AND APPARENT CONSUMPTION,³
1960-61 TO 1970-71

| 1963-64 | 1964-65 | 1965-66 | 1966-67 | 1967-68 | 1968-69 | 1969-70 | 1970-71 ⁴ |
|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| 1,000 metric tons | 1,000 metric tons | 1,000 metric tons | 1,000 metric tons | 1,000 metric tons | 1,000 metric tons | 1,000 metric tons | 1,000 metric tons |
| 17,467 | 17,920 | 21,796 | 22,509 | 25,283 | 25,206 | 25,302 | 22,276 |
| 6,211 | 6,424 | 6,639 | 5,453 | 4,597 | 4,080 | 4,768 | 5,800 |
| 507 | 134 | 899 | 1,305 | 1,798 | 1,496 | 1,330 | 400 |
| 23,171 | 24,210 | 27,536 | 26,657 | 28,082 | 27,790 | 28,740 | 27,676 |
| 39,265 | 40,908 | 40,243 | 45,441 | 44,302 | 45,086 | 48,768 | 42,604 |
| 2,645 | 3,385 | 2,789 | 2,041 | 1,779 | 1,404 | 2,599 | 3,590 |
| 1,491 | 1,288 | 1,009 | 1,909 | 2,165 | 1,210 | 1,924 | 775 |
| 40,419 | 43,005 | 42,023 | 45,573 | 43,916 | 45,280 | 49,443 | 45,419 |
| 56,732 | 58,828 | 62,039 | 67,950 | 69,585 | 70,292 | 74,070 | 64,880 |
| 8,856 | 9,809 | 9,428 | 7,494 | 6,376 | 5,484 | 7,367 | 9,390 |
| 1,998 | 1,422 | 1,908 | 3,214 | 3,963 | 2,706 | 3,254 | 1,175 |
| 63,590 | 67,215 | 69,559 | 72,230 | 71,998 | 73,070 | 78,183 | 73,095 |

actual consumption plus changes in stocks. ⁴ 1970 production data are preliminary. 1970-71 trade data are estimates. ⁵ Rye, corn, barley, oats, and sorghum. ⁶ Excludes sorghum production. ⁷ Trade data for "other grains" are estimates based partly on calendar-year data.



Aggressive Marketing Could Expand U.S. Cotton Trade With Eastern Europe

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Eastern Europe, with imports accounting for 15 to 18 percent of the world's cotton trade throughout the past decade, is a substantial textile-manufacturing region which presents fairly good potential as an expanding market for cotton in the coming years.

Increased U.S. exports to the area, however, will depend on the ability of exporters to deal with numerous political and logistical limitations and to successfully meet competition from manmade fibers and cotton from other exporting nations, particularly the USSR. Nevertheless, U.S. cotton should be able to claim a greater share of the large Eastern European fiber market through aggressive marketing and the use of such tools as CCC credit and barter.

Since its climate is generally unsuitable for cotton growing—except for small crops in Bulgaria and Yugoslavia that currently total about 75,000 and 15,000 bales a year, respectively—Eastern Europe must rely on imports. In the current season (1970-71) Bulgaria, Czechoslovakia, East Germany, Hungary, Poland, Romania, and Yugoslavia are expected to import close to 3 million bales of cotton at a value of over \$420 million.

Cotton imports into Eastern Europe rose sharply for about a decade—from some 1.8 million bales in the mid-1950's, to 2.5 million by 1960, and 3.0 million by 1965—at a faster pace than the rise in world consumption. Since 1965, however, total imports have held steady at 2.8 million to 3 million bales annually.

One factor in this leveling off is the increase in manmade fiber production in the region from 711 million pounds in 1960 to almost 1.2 billion pounds in 1969. This also accounts somewhat

for the fact that cotton has not shared fully in the growing demand for consumer soft goods.

Poland is the largest cotton importer in the area, followed by Czechoslovakia, East Germany, and Yugoslavia.

U.S. cotton sales to Eastern Europe amounted to about 190,000 bales annually during calendar years 1965-69, representing about 6 percent of total cotton imports by Eastern Europe and a trade worth about \$26 million a year at recent price levels. During that time, exports went to Poland and Yugoslavia exclusively.

Romania, which imported almost no U.S. cotton prior to 1969-70, took 49,000 bales in that year under CCC credit arrangements. Although there were no U.S. exports to Romania in the first 5 months (Aug.-Dec.) of the current season, trade sources indicate that 50,000 bales have recently been sold to that market.

P.L. 480 and CCC dollar credit have been the most important elements in U.S. cotton sales to the area. P.L. 480 sales to Poland and Yugoslavia for local currencies were used in the early 1960's, followed by a transition to CCC dollar credit, a commercial program, in more recent years.

U.S. cotton exports to Eastern Europe are eligible for financing under both the CCC export credit sales and barter programs; and lines of CCC credit for the purchase of U.S. cotton have been established for Czechoslovakia, Poland, Hungary, Romania, and Yugoslavia. Although the barter program can be used for expansion of U.S. cotton exports to Eastern Europe, it has not been used in the past 4 years except on a small scale to Yugoslavia.

As the major source of cotton for

U.S. COTTON EXPORTS UNDER DESIGNATED PROGRAMS¹

| Destination and years ² | P.L. 480 | | | | CCC credit |
|------------------------------------|---------------------|-------------------------|---------------------|---------------------|------------|
| | Local currency | Long-term dollar credit | Barter | | |
| | 1,000 running bales | 1,000 running bales | 1,000 running bales | 1,000 running bales | |
| Poland: | | | | | |
| Average 1960-64 ... | 92 | — | 14 | — | |
| 1967-68 | — | — | — | — | 81 |
| 1968-69 | — | — | — | — | 126 |
| 1969-70 | — | — | — | — | 44 |
| Yugoslavia: | | | | | |
| Average | | | | | |
| 1960-64 ... | 42 | 65 | 8 | — | |
| 1967-68 | — | — | 12 | — | 47 |
| 1968-69 | — | — | 4 | — | 56 |
| 1969-70 | — | — | — | — | — |

¹ As reported by program agencies. ² Years beginning July 1.

Eastern Europe, the USSR has accounted for an average of 1.6 million bales annually, or 55 percent of all cotton imports by that area, during the past 5 years. These purchases are usually under long-term trade agreements, with Poland, East Germany, and Czechoslovakia the largest importers.

USSR cotton exports to Eastern Europe are expected to increase in 1971, as a result of the record Soviet cotton harvest last fall. Increased acreage and exceptionally good weather resulted in a reported crop of 10.8 million bales, and 2.75 million bales are expected to be available for export. The size of the Soviet cotton crop in future years could materially affect the prospects for other countries which supply cotton to Eastern Europe.

Other principal cotton suppliers to the area are Egypt, the Sudan, Turkey, Iran, Syria, and Greece. Egypt supplies about 11 percent of East European imports, while Iran and Syria account for 5 and 4 percent respectively.

An important feature of the trade with some African and Asian countries is bilateral trade clearing agreements. Under these, imported cotton is purchased by East European countries through soft currency clearing arrangements involving two-way trade. Thus, especially in years when less cotton is needed, these countries receive priority in East European markets. Price, quality, and the world supply and demand situation play a lesser role; and East European mills end up accepting numerous small shipments from many sources, while the United States becomes a less important supplier.

The Soviet Union, the Near East, and North Africa also enjoy a natural geographic advantage in trading with



Left, one of the early steps in the exporting of U.S. cotton; vacuum unloading of raw cotton at gin. Above, cotton at mill in Yugoslavia, one of the largest East European importers of U.S. cotton.

Eastern Europe, as well as a long-standing historic tradition of trade. Furthermore, East Europeans are often under the impression that doing business with the United States involves higher costs.

Some of the limitations to U.S. trade in cotton with Eastern Europe largely are the same broad considerations which affect other commodities as well. On the U.S. side, these include legislation which prohibits Eastern Europe (except Poland and Yugoslavia) from receiving most favored nation tariff treatment, the reluctance of some to deal with Communist bloc countries because

of political differences, and the lack of detailed knowledge of these markets.

Restrictions against the use of Export-Import Bank credits to finance exports to Eastern Europe have not been a serious obstacle for cotton, since CCC programs can provide the short-term credit which is suitable for financing cotton purchases.

Obstacles on the East European side include the bilateral trade arrangements and logistical factors already mentioned, as well as the limited amount of convertible currency available to buy U.S. goods and the limited convertibility of

(Continued on page 32)

COTTON IMPORTS BY EAST EUROPEAN COUNTRIES, AVERAGE CALENDAR YEARS 1965-69 ¹

| Country of origin | Bulgaria | Czechoslovakia | East Germany | Hungary | Poland | Romania ² | Yugoslavia |
|-------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| | 1,000 bales ³ | 1,000 bales ³ | 1,000 bales ³ | 1,000 bales ³ | 1,000 bales ³ | 1,000 bales ³ | 1,000 bales ³ |
| USSR | 150 | 269 | 373 | 177 | 370 | 137 | 70 |
| U.A.R. | 18 | 101 | 37 | 24 | 46 | 57 | 52 |
| United States | — | — | — | — | 71 | 9 | 110 |
| Iran | — | 30 | — | 30 | 32 | 37 | 11 |
| Syria | 16 | 7 | — | 22 | 26 | 41 | 7 |
| Greece | — | — | — | 20 | 24 | 9 | 54 |
| Other | 51 | 57 | 16 | 74 | 88 | 45 | 111 |
| Total | 235 | 464 | 426 | 347 | 657 | 335 | 415 |

¹ For Bulgaria, average used is 1964-68; and for East Germany, 1963-67. ² Exports by exporting nation. ³ Bales of 480 lb. net.

CROPS AND MARKETS

Fats, Oils, and Oilseeds

U.S. Soybeans, February Exports

U.S. exports of soybeans in February, at 33 million bushels, were slightly more than the 31.6 million bushels exported in February 1970. September-February exports reached 233.9 million bushels, an increase of 6 percent, or 14.2 million, from the 219.7 million bushels exported during the same months last year. The bulk of the increase was taken by Japan, West Germany, France, Spain, and Denmark.

U.S. EXPORTS OF SOYBEANS

| Country of destination | February | | Oct.-Feb. | |
|-----------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| | 1970 ¹ | 1971 ¹ | 1969-70 ¹ | 1970-71 ¹ |
| | <i>Mil. bu.</i> | <i>Mil. bu.</i> | <i>Mil. bu.</i> | <i>Mil. bu.</i> |
| Belgium-Luxembourg | 0.8 | 1.4 | 11.3 | 9.1 |
| France | .5 | 1.6 | 1.8 | 6.6 |
| Germany, West | 3.4 | 3.8 | 20.5 | 26.8 |
| Italy | 2.1 | 1.9 | 16.5 | 14.1 |
| Netherlands | 4.9 | 3.2 | 32.0 | 29.6 |
| Total EC ² | 11.7 | 11.9 | 82.1 | 86.2 |
| Japan | 9.0 | 7.1 | 48.9 | 57.0 |
| Canada | .1 | .1 | 27.3 | 23.3 |
| Spain | 4.3 | 3.9 | 18.0 | 19.5 |
| Denmark | 1.0 | 1.5 | 9.8 | 11.4 |
| China, Taiwan | 2.4 | 1.8 | 11.0 | 11.0 |
| Israel | 1.2 | 3.4 | 6.6 | 6.4 |
| United Kingdom | 1.1 | .9 | 5.8 | 4.2 |
| Norway | 0 | .5 | 2.5 | 3.6 |
| Venezuela | 0 | 1.0 | .9 | 1.9 |
| Poland | .5 | 0 | 3.6 | 1.7 |
| Mexico | .1 | .5 | .3 | 1.6 |
| Others | .2 | .4 | 2.9 | 6.1 |
| Total ² | 31.6 | 33.0 | 219.7 | 233.9 |
| | <i>Mil. lb.</i> | <i>Mil. lb.</i> | <i>Mil. lb.</i> | <i>Mil. lb.</i> |
| Oil equivalent | 346.9 | 362.8 | 2,412.8 | 2,568.2 |
| | <i>1,000 short tons</i> | <i>1,000 short tons</i> | <i>1,000 short tons</i> | <i>1,000 short tons</i> |
| Meal equivalent | 742.6 | 776.5 | 5,164.0 | 5,496.6 |

¹ Preliminary. ² Totals computed from unrounded data. Bureau of the Census.

U.S. Oilcakes and Meals, February Exports

U.S. exports of soybean meal in February totaled 310,200 tons, an increase of 8 percent, or 23,200 tons, from the 287,000 tons exported in February 1970. October-February exports reached 1.82 million tons, a gain of 86,600 tons from the 1.73 million tons exported through February a year ago. The 1.24 million tons shipped to the European Community rep-

resents 68 percent of the total and an increase of 1.4 percent over exports during the same period last year. An additional 54.4 million tons of soybean meal were taken by East European countries, bringing total exports to this area to 213,800 tons compared with 159,400 tons exported through February 1970. Larger quantities of soybean meal were also taken by Mexico, the United Kingdom, the Philippines, Lebanon, South Korea, and Portugal.

Although exports of soybean meal accounted for most of the increase in total cake and meal exports, heavier shipments of "other cakes and meals"—44,700 tons compared with 16,200 tons last year—and slightly larger exports of cottonseed meal boosted total exports to 1.91 million tons, a gain of 115,500 tons from exports through February 1970.

U.S. EXPORTS OF CAKES AND MEALS

| Item and country of destination | February | | Oct.-Feb. | |
|--|-------------------------|-------------------------|-------------------------|-------------------------|
| | 1970 ¹ | 1971 ¹ | 1969-70 ¹ | 1970-71 ¹ |
| | <i>1,000 short tons</i> | <i>1,000 short tons</i> | <i>1,000 short tons</i> | <i>1,000 short tons</i> |
| Soybeans: | | | | |
| Belgium-Luxembourg | 21.5 | 26.6 | 100.9 | 149.1 |
| France | 35.4 | 61.9 | 268.9 | 308.9 |
| Germany, West | 71.5 | 31.2 | 463.2 | 404.3 |
| Italy | 25.1 | 12.2 | 144.7 | 139.1 |
| Netherlands | 28.0 | 54.9 | 246.2 | 240.0 |
| Total EC ² | 181.5 | 186.8 | 1,223.9 | 1,241.4 |
| Canada | 18.7 | 18.7 | 109.4 | 102.8 |
| Yugoslavia | 0 | 23.1 | 45.0 | 87.0 |
| Mexico | .2 | 9.4 | .5 | 38.8 |
| Hungary | 12.6 | 10.2 | 56.0 | 35.4 |
| Bulgaria | 0 | 10.9 | 0 | 32.8 |
| United Kingdom | 2.9 | 7.6 | 18.7 | 31.2 |
| Poland | 25.0 | 4.0 | 52.8 | 29.9 |
| Czechoslovakia | 5.6 | 0 | 5.6 | 28.7 |
| Denmark | 6.8 | 5.4 | 27.4 | 26.4 |
| Philippines | 0 | 5.9 | 15.6 | 25.9 |
| Ireland | 10.5 | 9.8 | 28.1 | 24.0 |
| Switzerland | 2.6 | 1.8 | 27.1 | 23.2 |
| Australia | 2.7 | 4.1 | 15.4 | 14.4 |
| Lebanon | 0 | 0 | 7.6 | 14.1 |
| Korea, Rep. | 2.6 | 1.2 | 4.5 | 11.5 |
| Portugal | 0 | 2.2 | 2.7 | 9.2 |
| Others | 15.3 | 9.1 | 90.3 | 40.5 |
| Total ² | 287.0 | 310.2 | 1,730.6 | 1,817.2 |
| Cottonseed | .4 | 11.1 | 2.8 | 14.3 |
| Linseed | 1.2 | 0 | 47.2 | 36.1 |
| Total cakes & meals ³ | 292.3 | 332.5 | 1,796.8 | 1,912.3 |

¹ Preliminary. ² Total computed from unrounded data. ³ Includes peanut and small quantities of other cakes and meals. Bureau of the Census.

U.S. Edible Oils, February Exports

U.S. soybean oil exports in February totaled 118.2 million pounds, more than twice the quantity shipped in February

1970. October-February exports reached 612.8 million pounds—up about 50 percent, or 203.1 million pounds, from the 409.7 million exported through February a year ago. Shipments under Public Law 480 programs are estimated at 181 million pounds, commercial sales at 361 million pounds, and oil for donations and emergency relief at 72 million pounds.

Cottonseed oil exports, at 37.4 million pounds, declined 28 percent from the 52.5 million pounds exported in February 1970. The cumulative total through February came to only 149.3 million pounds—down 41 percent from last year's October-February exports of 252.7 million pounds. The sharp decline in exports to Iran, the Netherlands, Venezuela, and

U.S. EXPORTS OF EDIBLE OILS

| Item and country of destination | February | | Oct.-Feb. | |
|------------------------------------|---------------------|---------------------|--------------------------|--------------------------|
| | 1970 ¹ | 1971 ¹ | 1969- 70 ¹ | 1970- 71 ¹ |
| | <i>Mil. lb.</i> | <i>Mil. lb.</i> | <i>Mil. lb.</i> | <i>Mil. lb.</i> |
| Soybean: ² | | | | |
| Yugoslavia | 0 | 25.8 | (³) | 145.5 |
| Pakistan | (³) | 19.7 | 129.7 | 107.4 |
| Morocco | 0 | 10.9 | 3.1 | 45.4 |
| Iran | 13.7 | 23.5 | 32.7 | 41.4 |
| Peru | 7.7 | 15.1 | 21.3 | 40.3 |
| India | 7.2 | 3.5 | 27.1 | 33.6 |
| Chile | .5 | .9 | 14.6 | 32.4 |
| Tunisia | 1.2 | .8 | 48.0 | 20.1 |
| Canada | 3.6 | 4.3 | 13.7 | 18.8 |
| Israel | .1 | 0 | 16.6 | 18.1 |
| Greece | 0 | 0 | 0 | 12.1 |
| Panama | 3.5 | 2.3 | 4.9 | 11.6 |
| Haiti | 1.8 | 2.1 | 7.8 | 10.3 |
| Colombia | .6 | 0 | 8.2 | 8.5 |
| Vietnam, South | .1 | 0 | 4.6 | 7.2 |
| Ecuador | .5 | 3.2 | 5.4 | 7.2 |
| Australia | 2.0 | .1 | 3.9 | 6.1 |
| United Kingdom | 2.8 | (³) | 8.1 | 4.7 |
| Brazil | 1.8 | .3 | 5.2 | 4.5 |
| Jamaica | .4 | .2 | 4.2 | 4.5 |
| China, Taiwan | 0 | 0 | 0 | 4.4 |
| Dominican Republic | 0 | .8 | 7.6 | 4.4 |
| Guinea | .1 | 0 | (³) | 3.2 |
| Others | 10.0 | 4.7 | 43.0 | 21.1 |
| Total ⁴ | 57.6 | 118.2 | 409.7 | 612.8 |
| Cottonseed: ² | | | | |
| Belgium-Luxembourg | 5.3 | (³) | 5.3 | (³) |
| France | 0 | (³) | (³) | (³) |
| Germany, West | 4.2 | 0 | 6.8 | 15.1 |
| Italy | 0 | 0 | (³) | (³) |
| Netherlands | 13.4 | 4.4 | 26.5 | 5.4 |
| Total EC ⁴ | 22.9 | 4.4 | 38.6 | 20.5 |
| Venezuela | 4.2 | 9.0 | 35.5 | 26.4 |
| U.A.R. | 0 | 6.8 | 27.2 | 21.6 |
| Poland | 0 | 0 | 0 | 17.3 |
| United Kingdom | 16.6 | 5.5 | 48.0 | 15.5 |
| Canada | 1.8 | 1.9 | 11.1 | 13.5 |
| Morocco | 0 | 0 | 5.5 | 8.8 |
| Sweden | 0 | 3.1 | 5.5 | 7.8 |
| Mexico | 3.2 | (³) | 11.5 | 6.9 |
| Switzerland | 0 | 4.7 | 0 | 4.7 |
| Iran | 0 | 0 | 37.7 | 1.7 |
| Australia | (³) | 1.1 | .1 | 1.3 |
| Japan | (³) | 0 | 1.9 | 1.1 |
| Others | 3.6 | .9 | 30.1 | 2.2 |
| Total ⁴ | 52.3 | 37.4 | 252.7 | 149.3 |
| Total oils | 109.9 | 155.6 | 662.4 | 762.1 |

¹ Preliminary. ² Includes shipments under P.L. 480 as reported by Census. ³ Less than 50,000 lb. ⁴ Totals computed from unrounded data. Bureau of the Census.

the United Kingdom canceled out the increased exports to some markets, including West Germany, Poland, Canada, Morocco, and Sweden. P.L. 480 shipments are estimated at 8.8 million pounds, and donations for distribution overseas at 1.1 million pounds. The remaining 139.4 million pounds represented commercial sales.

Canada Encourages New Rapeseed Varieties

Special delivery quotas for rapeseed low in erucic acid content have been authorized for crop year 1971-72 by the Canadian Wheat Board (CWB). According to a new CWB program announced on March 31, producers may deliver 20 bushels per quota acre of the new variety of rapeseed, beginning August 1, 1971. This quota, which is in addition to regular rapeseed quotas, may subsequently be increased, if necessary, to enable farmers to deliver their entire 1971 crop of low-erucic-acid rapeseed before July 31, 1972. The CWB hopes its new program will ease the transition from production of regular rapeseed to the new varieties having a low erucic-acid content.

Livestock and Meat Products

U.S. Meat Exports Up, Imports Down

The value of livestock, meat, and meat-product exports in February, at \$57 million, was up 38 percent from the February 1970 level, owing primarily to larger inedible tallow shipments. The value of livestock imports, on the other hand, at \$84 million, was down 25 percent from that a year ago because of reduced boneless beef entries.

Totaling 275 million pounds in February, inedible tallow and grease exports are off to a good start to top their previous 1970 high. In February alone the volume exported was more than double the level of February 1970, and for the first 2 months of 1971 exports were running almost 65 percent above those of a year ago. Larger shipments to Japan and the Netherlands account for most of the gain. Brazil, having purchased 18 million pounds so far this year, is emerging as a significant importer of U.S. inedible tallow and grease.

Variety meat exports in February, at 22 million pounds, were 40 percent larger than those a year earlier. Most of the increase is attributed to greater shipments of beef offals to France. Exports of variety meats reached a record high of 240 million pounds in 1969, averaging about 20 million pounds per month. Through February of 1971, variety meat exports averaged over 21 million pounds a month.

The heavy volume of live cattle exports to Canada which characterized the last 2 months of 1970 was maintained in January but fell off sharply in February as the differential between Canadian and U.S. prices returned to normal. Live cattle exports to Canada in February, at 4,500 head, were 3,000 head greater than those for February 1970, but well below the nearly 45,000 head exported to Canada in December 1970.

The most significant factor in the February livestock import picture was the decline in boneless and canned corned beef imports. Boneless beef imports totaled only 62 million pounds compared with 97 million in February 1970. Most of the

decline is attributed to reduced arrivals from Australia, which totaled only slightly over 21 million pounds compared with nearly 42 million a year ago. With the exception of Mexico, arrivals from all of the 13 countries eligible to ship fresh, chilled, or frozen boneless beef to the United States were below their year-earlier levels this February.

Argentina is the largest supplier of canned corned beef, but imports from this country in February, at almost 2 million

U.S. IMPORTS OF SELECTED LIVESTOCK PRODUCTS ¹

| Commodity | February | | Jan.-Feb. | |
|--|---------------|---------------|---------------|---------------|
| | 1970 | 1971 | 1970 | 1971 |
| Red meats: | | | | |
| Beef and veal: | 1,000 | 1,000 | 1,000 | 1,000 |
| Fresh, chilled, or frozen: | <i>pounds</i> | <i>pounds</i> | <i>pounds</i> | <i>pounds</i> |
| Bone-in-beef | 1,922 | 1,088 | 4,584 | 2,409 |
| Boneless beef | 91,837 | 62,072 | 204,107 | 141,284 |
| Cuts (prepared) | 658 | 2,895 | 1,251 | 7,097 |
| Veal | 1,749 | 647 | 4,285 | 2,590 |
| Canned beef: | | | | |
| Corned | 8,104 | 3,470 | 19,317 | 8,279 |
| Other, including sausage | 2,120 | 1,157 | 5,280 | 2,889 |
| Prepared and preserved | 3,782 | 2,527 | 9,118 | 4,560 |
| Total beef and veal ² | 110,170 | 73,855 | 247,942 | 169,108 |
| Pork: | | | | |
| Fresh, chilled, and frozen | 3,919 | 5,083 | 8,438 | 10,370 |
| Canned: | | | | |
| Hams and shoulders | 26,694 | 22,121 | 38,047 | 41,702 |
| Other | 1,818 | 1,581 | 4,788 | 3,148 |
| Cured: | | | | |
| Hams and shoulders | 95 | 88 | 224 | 175 |
| Other | 265 | 200 | 602 | 671 |
| Sausage | 311 | 271 | 601 | 494 |
| Total pork ² | 33,102 | 29,344 | 52,703 | 56,560 |
| Mutton and goat | 5,218 | 1,255 | 12,201 | 2,206 |
| Lamb | 2,862 | 3,228 | 5,793 | 10,792 |
| Other sausage | 714 | 574 | 1,583 | 1,195 |
| Other meats | 1,384 | 1,276 | 3,445 | 2,867 |
| Total red meats ² | 153,451 | 109,532 | 323,668 | 242,729 |
| Variety meats | 580 | 694 | 1,267 | 1,474 |
| Edible and inedible tallow and greases | 579 | 801 | 913 | 1,663 |
| Meat extract | 55 | 84 | 129 | 170 |
| Wool (clean basis): | | | | |
| Dutiable | 9,614 | 4,436 | 16,709 | 10,493 |
| Duty-free | 6,132 | 4,950 | 11,897 | 10,874 |
| Total wool ² | 15,743 | 9,386 | 28,606 | 21,367 |
| Animal hair (clean basis) | 274 | 160 | 451 | 285 |
| Hides and skins: | | | | |
| Cattle parts | 29 | 46 | 29 | 292 |
| Sheep skins pickled and split | 845 | 630 | 1,686 | 878 |
| | 1,000 | 1,000 | 1,000 | 1,000 |
| | <i>pieces</i> | <i>pieces</i> | <i>pieces</i> | <i>pieces</i> |
| Cattle | 19 | 15 | 38 | 42 |
| Calf and kip | 32 | 16 | 121 | 64 |
| Buffalo | 5 | 12 | 26 | 16 |
| Sheep and lamb | 1,970 | 1,548 | 2,625 | 2,380 |
| Goat and kid | 425 | 179 | 1,225 | 258 |
| Horse | 14 | 17 | 27 | 34 |
| Pig | 23 | 12 | 212 | 43 |
| Livestock: | <i>Number</i> | <i>Number</i> | <i>Number</i> | <i>Number</i> |
| Cattle ³ | 96,761 | 67,746 | 199,193 | 134,018 |
| Sheep | 396 | — | 402 | — |
| Hogs | 1,882 | 6,196 | 3,368 | 8,893 |
| Horses, asses, mules, and burros | 148 | 130 | 275 | 303 |

¹ Preliminary. ² May not add due to rounding. ³ Includes cattle for breeding. Bureau of the Census.

pounds, were well below the nearly 7 million imported last year. Larger entries of canned corned beef from Brazil somewhat offset the decline in Argentine supplies; but even with this total, canned corned beef imports for the first 2 months of 1971 were not quite half their level of a year ago.

Because of fewer feeder cattle entries from Mexico, live cattle imports, in February, at around 68,000 head, were down 30 percent from those a year ago. Live hog imports from Canada, however, at 6,200 head, were more than triple their level of a year ago.

U.S. EXPORTS OF SELECTED LIVESTOCK PRODUCTS ¹

| Commodity | February | | Jan.-Feb. | |
|------------------------------------|---------------|---------------|---------------|---------------|
| | 1970 | 1971 | 1970 | 1971 |
| | 1,000 | 1,000 | 1,000 | 1,000 |
| | <i>pounds</i> | <i>pounds</i> | <i>pounds</i> | <i>pounds</i> |
| Animal fats: | | | | |
| Lard | 38,075 | 40,477 | 62,596 | 49,334 |
| Tallow and greases: | | | | |
| Inedible | 133,738 | 274,846 | 283,235 | 464,329 |
| Edible | 1,465 | 437 | 2,112 | 3,299 |
| Meats: | | | | |
| Beef and veal | 1,983 | 3,407 | 4,564 | 6,184 |
| Pork | 3,752 | 3,172 | 7,517 | 7,273 |
| Goat, lamb, and mutton | 62 | 109 | 148 | 241 |
| Sausage, bologna, and frankfurters | 396 | 280 | 791 | 571 |
| Meat specialties | 349 | 257 | 682 | 461 |
| Other canned | 586 | 680 | 1,433 | 1,134 |
| Total red meats ² | 7,132 | 7,905 | 15,133 | 15,865 |
| Variety meats | 15,553 | 21,921 | 29,234 | 42,818 |
| Sausage casings (animal origin) | 883 | 1,112 | 1,796 | 2,418 |
| Animal hair, including mohair | 748 | 1,018 | 1,383 | 1,789 |
| Hides and skins: | | | | |
| Cattle parts | 1,021 | 2,184 | 1,742 | 3,582 |
| | 1,000 | 1,000 | 1,000 | 1,000 |
| | <i>pieces</i> | <i>pieces</i> | <i>pieces</i> | <i>pieces</i> |
| Cattle | 1,439 | 1,251 | 2,592 | 2,458 |
| Calf | 72 | 157 | 124 | 265 |
| Kip | 23 | 12 | 47 | 40 |
| Sheep and lamb | 243 | 477 | 450 | 799 |
| Horse | 21 | 9 | 25 | 35 |
| Goat and kid | 31 | 31 | 52 | 94 |
| Livestock: | <i>Number</i> | <i>Number</i> | <i>Number</i> | <i>Number</i> |
| Cattle and calves | 2,381 | 5,982 | 6,224 | 41,176 |
| Sheep, lambs, and goats | 9,275 | 8,164 | 11,371 | 13,992 |
| Hogs | 1,682 | 1,775 | 3,011 | 4,439 |
| Horses, asses, mules, and burros | 290 | 1,054 | 1,547 | 2,302 |

¹ Preliminary. ² May not add due to rounding.

Fruits, Nuts, and Vegetables

Large Australian Canned Fruit Pack

Australia reports its second consecutive record canned deciduous fruit pack. Total 1971 canned deciduous fruit production is estimated at 11.6 million cases (each holding 24 cans, size 2½), slightly above last year's pack of 11.5 million cases and 21 percent above average. Weather was generally favorable during the growing season and good crops of apricots, peaches, and pears were reported.

Canned peach production is estimated at 45 million cases, 13 percent above the 1970 level but below average. Canned pear production is estimated at 3.5 million cases, 20 percent

below the 1970 record but the second largest pack on record. Large stocks of 1970-pack pears have induced canners to reduce pear intake despite the large Bartlett crop. Reports indicate a record canned two-fruit (peaches and pears) production of 1.4 million cases, while fruit cocktail production is expected to approximate the large 1970 pack.

Total 1971 deciduous fruit exports are expected to exceed the 6.9 million cases exported during the 1970 season. The United Kingdom remained the major market during 1970 accounting for 67 percent of all deciduous fruit exports. Total exports of individual items were: Peaches 2.9 million cases, pears 2.3 million cases, mixed fruits 1.4 million cases, and apricots 0.3 million cases. Following the United Kingdom in importance for peaches was West Germany and for pears the United States.

AUSTRALIAN CANNED FRUIT PRODUCTION

| Item | 1968 | 1969 | 1970 | 1971 ¹ |
|-------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| | 1,000 cases ² | 1,000 cases ² | 1,000 cases ² | 1,000 cases ² |
| Peaches | 5,134 | 4,063 | 3,936 | 4,460 |
| Pears | 3,206 | 1,795 | 4,384 | 3,500 |
| Mixed fruit: | | | | |
| Two fruits | 835 | 785 | 1,251 | 1,400 |
| Cocktail | 1,011 | 732 | 1,098 | 1,100 |
| Salad | 56 | 51 | 45 | 50 |
| Total | 1,902 | 1,568 | 2,394 | 2,550 |
| Apricots | 723 | 699 | 773 | 1,100 |
| Grand total | 10,965 | 8,125 | 11,487 | 11,610 |

¹ Preliminary. ² Cases of equivalent 24/2½'s.

AUSTRALIAN CANNED PEACH SUPPLY, DISTRIBUTION

| Item | 1968 | 1969 | 1970 ¹ | 1971 ² |
|---------------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| | 1,000 cases ³ | 1,000 cases ³ | 1,000 cases ³ | 1,000 cases ³ |
| Beginning stocks (Jan. 1) | 814 | 359 | 391 | 112 |
| Production | 5,134 | 4,063 | 3,936 | 4,460 |
| Total supply | 5,948 | 4,422 | 4,327 | 4,572 |
| Exports | 4,112 | 2,568 | 2,915 | 3,000 |
| Domestic disappearance | 1,477 | 1,463 | 1,300 | 1,400 |
| Ending stocks (Dec. 31) | 359 | 391 | 112 | 172 |
| Total distribution | 5,948 | 4,422 | 4,327 | 4,572 |

¹ Preliminary. ² Forecast. ³ Cases holding 24 cans, size 2½.

Poor Weather Hurts Italian Almonds

Italy's 1971 almond crop was damaged by snow and prolonged cold weather during the bloom period. Italian industry representatives report extensive damage and tentatively forecast 1971 production at 30,000 to 35,000 short tons. Major producing regions in Sicily were hard hit, with production forecast at 10,000 tons, or half the 1970 level.

Grains, Feeds, Pulses, and Seeds

Argentine Corn, Grain Sorghum Crops Up

Argentine corn production is officially estimated at 9.8 million metric tons compared with 9.36 million last year. The

first official estimate of grain sorghum production is 4.9 million tons, 28 percent above last year's record crop.

In spite of area increases of 6 and 23 percent for corn and grain sorghum, respectively, earlier estimates were for crops slightly below last year's, as the above-average yields of 1970 were not expected to be repeated. However, early-season dry weather and intense heat appear to have been offset by near-perfect weather during the latter part of the growing season. But rains have delayed harvesting and marketing, with some damage to quality, which could result in somewhat larger domestic consumption.

Weekly Rotterdam Grain Prices and Levies

Current offer prices for imported grain at Rotterdam, the Netherlands, compared with a week earlier and a year ago:

| Item | Change from | | A year ago |
|-----------------------------------|------------------|------------------|------------------|
| | April 21 | previous week | |
| | Dol. per bu. | Cents per bu. | Dol. per bu. |
| Wheat: | | | |
| Canadian No. 2 Manitoba | 1.98 | -1 | 1.97 |
| USSR SKS-14 | 1.93 | -4 | (¹) |
| Australian FAQ | 1.83 | -2 | 1.70 |
| U.S. No. 2 Dark Northern Spring: | | | |
| 14 percent | 1.99 | 0 | 1.87 |
| 15 percent | 02 | 0 | 1.97 |
| U.S. No. 2 Hard Winter: | | | |
| 13.5 percent | 1.94 | -4 | 1.82 |
| USSR-441 Yellow Winter | (¹) | (¹) | (¹) |
| Argentine | (¹) | (¹) | (¹) |
| U.S. No. 2 Soft Red Winter ... | 1.78 | +1 | 1.64 |
| Feedgrains: | | | |
| U.S. No. 3 Yellow corn | 1.70 | +2 | 1.60 |
| Argentine Plate corn | 1.70 | +3 | 1.61 |
| U.S. No. 2 sorghum | 1.44 | +2 | (¹) |
| Argentine-Granifero sorghum | 1.42 | +2 | 1.33 |
| U.S. No. 3 Feed barley | 1.36 | -3 | 1.01 |
| Soybeans: | | | |
| U.S. No. 2 Yellow | 3.22 | 0 | 3.06 |
| EC import levies: | | | |
| Wheat | 1.54 | +4 | 1.71 |
| Corn ² | .87 | +3 | .97 |
| Sorghum ² | .99 | +1 | 1.09 |

¹ Not quoted. ² Until Aug. 1, 1972, Italian levies are 19 cents a bu. under those of other EC countries.
Note: Basis—30- to 60-day delivery.

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U.S. Cotton Trade With Eastern Europe

(Continued from page 27)

East European currencies in world money markets. These countries emphasize the importance of sales of their products in the United States as a means of covering the cost of U.S. commodities.

Furthermore, the rationale for cotton purchases by East European countries lies more in government policies than in ordinary trade factors.

In Yugoslavia, for example, the method of purchasing cotton has a direct bearing on the sources chosen. In September, cotton mills submit their annual requirements to the Federal Directorate for Raw Material Reserves which then decides the country's import policy for the next year. Bilateral obligations, the availability of foreign currency, and possibilities for credit or barter are among the factors taken into consideration. The Government then approves a specified foreign currency quota for cotton imports, usually covering about 40 percent of the total cotton import requirements. Funds for the balance must be earned by the industry through textile exports and bilateral trade.

In Hungary, cotton imports are arranged by the Hungarote Foreign Trading Company for Textiles. The company collects mill orders, arranges them according to the required qualities, and matches them against envisaged sources of supply. Thus, sizable quantities are often sought at a time.

Poland's Textilimport, as the importer and supplier of each mill, is



Romanian youngsters model coats made of cotton. Romania is a relatively new importer of U.S. cotton.

unique to that country since it eliminates the need for industrial intermediaries. A State trading company, Textilimport has its own warehouses and often purchases at its own risk to sell to mills. To minimize the effect of price fluctuations, it sells at prices fixed for a year.

Even with numerous trade restrictions and stiff competition, U.S. cotton should be able to improve its position in Eastern Europe somewhat, if a stronger base for two-way trade can be developed.

The textile industries of Eastern Europe increased their spinning capac-

ity by more than 30 percent between 1960 and 1967, the latest year for which statistics are available. Of the 9 million spindles in the region at that time, Poland and Czechoslovakia together accounted for 47 percent. Spindles in Yugoslavia increased from 404,000 in 1960 to over 1 million by 1967; the number of spindles in Bulgaria and Romania nearly doubled during that time. These are cotton system spindles, but also process certain man-made fibers.

Eastern Europe has also increased the sophistication of its industrial technology—as evidenced by Czechoslovakia's development of the new open-end spinning technique. This factor, along with the increased size of the textile industry, should result in the continuation of this region as a large market for cotton.

There is further encouragement for U.S. cotton sales with the recent indications that Eastern Europe is interested in more multilateral trade. The East Europeans are learning more about how to trade with the United States and they value the overall trade competence of U.S. cotton exporters. In most years the United States can offer a wide range of grades and staples.

With these more positive elements somewhat offsetting the less optimistic side of the picture, and with the use of such tools as CCC credit and barter, U.S. cotton should be able to increase its sales to Eastern Europe in the coming years.